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CITY OF SOUTH GATE

HOUSING ELEMENT UPDATE

1989 - 1994

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Adopted by the City Council
Resolution No. 6043
November 10, 1992

Certified by the State Department of Housing and Community Development
March 19, 1993



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Prepared By:

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Oliver Mujica, Associate Planner

REPORT OF THE

COMMISSION

ON THE
PROGRESS OF THE
WORK DURING THE
YEAR 1900

REPORT

OF THE
COMMISSIONERS
OF THE
LAND OFFICE
FOR THE YEAR 1900

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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**DIVISION OF HOUSING POLICY DEVELOPMENT**

1800 THIRD STREET, Room 430

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(916) 323-3176 FAX (916) 323-6625



March 19, 1993

Mr. Todd Argow
City Manager
City of South Gate
8650 California Avenue
South Gate, California 90280

Dear Mr. Argow:

**RE: Review of the City of South Gate's Adopted Housing
Element**

Thank you for submitting South Gate's housing element, adopted on November 10, 1992 and received for our review on November 19, 1992. As you know, we are required to review adopted housing elements and report our findings to the locality (Government Code Section 65585(h)).

Telephone conversations with Mr. Oliver Mujica, Associate Planner, on March 17 and 20, 1993 assisted our review. This letter summarizes that conversation.

The South Gate adopted housing element addresses all of the comments from our September 25, 1992 review letter, and now complies with State housing element law (Article 10.6 of the Government Code). For example, the element has expanded the analysis of the potential of currently underutilized residential and occupied commercial property to convert to higher density residential use to demonstrate the City's ability to accommodate its regional share of new construction need.

Given the very limited number of remaining vacant residential parcels, the City should carefully monitor the implementation of all programs to provide new housing opportunities. It is our expectation that the City will promptly intervene to strengthen programs to facilitate the recycling of underutilized residential and currently occupied commercial and industrial land, or develop additional programs for this purpose, if such programs prove to be less successful than anticipated.

We look forward to following the City's progress in implementing the housing program when progress reports are filed with the Department pursuant to Government Code Section 65400 and 65588.5. We are particularly interested in the potential of South Gate's residential overlay zone (Program 3A1) and the conversion of transient motels into residential units (Program 3D3) to accommodate the need for an expanded housing supply, and would appreciate receiving a copy of both ordinances.

MEMBERS

Mr. J. B. Smith

Mr. J. B. Smith

Mr. J. B. Smith

Mr. J. B. Smith

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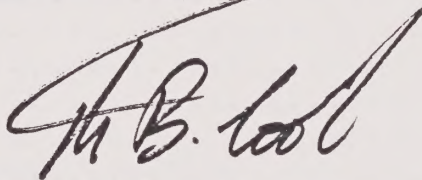
Mr. Todd Argow
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We note that South Gate is a participating jurisdiction for federal HOME funds, and suggest that the City may wish to use future HOME funds to acquire and convert suitable transient motels to residential units.

We appreciate the cooperation and dedication of Mr. Mujica in responding to questions and comments during our review. If you have any questions about our comments or would like assistance in the implementation of your housing element, please contact Robert Maus of our staff at (916) 327-2640.

In accordance with their requests pursuant to the Public Records Act, we are forwarding a copy of this letter to the organizations and individuals listed below.

Sincerely,



Thomas B. Cook
Deputy Director

cc: Oliver Mujica, Associate Planner, City of South Gate
Carlyle W. Hall, Hall & Phillips Law Firm
Jonathan Lehrer-Graiwer, Attorney at Law
Western Center on Law & Poverty
Fair Housing Council of the San Fernando Valley
Mark Johnson, Legal Aid Foundation of Los Angeles
Ana Marie Whitaker, California State University Pomona
Dennis Rockway, Legal Aid Foundation of Long Beach
David Booher, California Housing Council
Peter Hersh, City of Irvine
Josephine Alido, David Evans and Associates
Stephanie Knapik, Westside Fair Housing Council
Karen Warner, Cotton/Beland/Associates
Joe Carreras, Southern California Association of Governments
Kathleen Mikkelsen, Deputy Attorney General
Bob Cervantes, Governor's Office of Planning and Research
Dwight Hanson, California Building Industry Association
Kerry Harrington Morrison, California Association of Realtors
Marc Brown, California Rural Legal Assistance Foundation
Rob Wiener, California Coalition for Rural Housing
Susan DeSantis, The Planning Center

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Very truly yours,
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[Name]
[Title]

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SECTION 1 INTRODUCTION

South Gate seeks to maintain the livability of its single-family residential neighborhoods while meeting the housing needs of the existing and potential residents. In order to create policies and programs that are responsive to the community's needs, this report provides a study of existing and projected housing conditions in the City.

The City of South Gate is approximately 10 miles southeast of downtown Los Angeles. It is bounded by the cities of Huntington Park, Cudahy, and Bell Gardens to the north, Downey to the east, Paramount and Lynwood to the south, and the County of Los Angeles to the west.

The City's current housing element establishes guidelines for meeting past housing needs, and the housing programs authorized by the element have provided assistance to many residents. However, South Gate is not static and housing element programs must be revised to meet the changing needs of the community. The updated housing element, with its revised goals, policies, and programs, will provide an implementation strategy to allow the City to effectively meet the needs of all its residents.

STATUTORY AUTHORITY

Sections 65580 through 65589 of the Government Code of the State of California contain the legislative mandate for the housing element of the General Plan. The legislation requires that each city provide a detailed program to address the housing needs of its current residents, and provide housing for its fair share of expected regional growth.

The requirements of state law pertaining to the content of the housing element are more detailed than those for any other element. The housing element is also the only element that must be reviewed by a state agency for completeness and compliance with state law prior to its adoption by the City Council.

ORGANIZATION OF THIS ELEMENT

This element follows the organization prescribed by State law. Section 2 contains an assessment of housing needs and an inventory of resources. Section 3 discusses constraints on housing production. Section 4 summarizes the housing needs. Section 5 analyzes the assisted housing and presents programs for their preservation. Section 6 summarizes the quantified housing objectives. Section 7 presents goals, policies, and programs that the City has chosen to meet the identified needs. The final section summarizes the expected accomplishments from implementation of the 5 year program.

RELATIONSHIP TO OTHER ELEMENTS

In addition to the housing element, the policies contained in other elements of the General Plan affect the quality of life that residents enjoy. Therefore, the remaining elements have been evaluated during the preparation of the housing element. The land use (LUE) and the infrastructure (IE) elements of the General Plan will particularly affect the implementation of the housing element. The LUE designates land for residential development and establishes permitted densities and intensity of development. The IE establishes policies for providing essential infrastructure to all housing that is developed.

PUBLIC PARTICIPATION

The City of South Gate encourages citizens to provide input on all housing policy decisions. Regular scheduled review of certain housing programs is a legal requirement as part of the Community Development Block Grant (CDBG). CDBG, one of the major sources of funding for housing programs, is subject to annual review and public hearings. The redevelopment program is publicly reviewed on a bi-ennial basis.

During the preparation of the housing element update, a number of press releases were published in the local newspaper (The South Gate Press) to explain statutory requirements for the housing element update, and to solicit input on housing goals, policies, and programs. In addition, public hearings will be conducted for the local residents to review the draft housing element update and the State of California's Housing and Community Development Department's comments. The public hearings will also provide the local residents with the opportunity to participate in the formulation of the housing goals, policies, and programs prior the City Council's adoption of the housing element update.

SUMMARY

Located in metropolitan Los Angeles, the City of South Gate has grown steadily within the past quarter century. Historically, it has been a community of blue-collar workers. In the past three decades the City's population has increased by approximately 62 percent, from 53,831 persons in 1960 to 86,284 persons in 1990. City estimates indicate a larger population within the City than SCAG and the State Department of Finance estimates, due to the doubling of families in housing units, garage conversions, and illegal immigration.

Approximately 45 percent of South Gate's current population is primarily composed of young families between the ages of 18 to 44. Since the 1970s, South Gate has steadily become a "port of entry" for immigrants from Latin America. Data from the 1980 and 1990 censuses show a significant increase in the number of Hispanic persons in the City. The increase in the City's Hispanic population has been from 58 percent in 1980 to 83 percent in 1990. Another noticeable change in the composition of the City's population has been within the school-age group of the community, which ranges from 0 - 4 (Preschool) to 5 - 19 (Elementary, Jr. High and High School). This increase has been from 27 percent in 1970 to 39 percent in 1990.

Incomes for South Gate residents are relatively low, based on the income data presented by the State Department of Housing and Urban Development (HUD), in that the median 1990 household income in the City was \$27,279, while the county median household income in 1990 was \$42,300. A large disparity also exists between the median income of renter households and owner households. In 1990, the median renter household income was approximately \$25,210 while the median owner household income was approximately \$39,541. In addition to having lower incomes, a greater percentage of renter households pay more than 30 percent of their income for rent. Of all renter households, 50 percent paid 30 percent or more of their income for housing in 1990, while only 33 percent of owners paid 30 percent or more for housing. Lower-income households who pay more than 30 percent of their income for housing are likely to be skimping on other essentials, such as food or health care. In the City, households paying 30 percent or more of their income for housing tend to live in areas with the greatest prevalence of household overcrowding. This suggests that even by paying more than they can readily afford, these families are not able to locate an adequate supply of housing. It should be noted that, in 1990, approximately 17 percent of the City's population was living below the poverty level.

South Gate's housing stock can be generally characterized as older, smaller (2 bedrooms) single-family units. Seventy-two percent of the City's 22,946 housing units were built before 1960. In 1990, 63 percent of the City's housing units (14,497 units) were single-family, 36 percent were multiple family units, and 1 percent were mobile homes. Owner occupied units accounted for 47 percent of households in the City and 53 percent of City householders were renters. The median value of a South Gate home in 1980 was \$65,000, while median rent was \$200. By 1990, the median house value was \$161,900 while the average monthly rent increased to \$550.

Housing unit conditions are generally fair in the City, as a result of the older housing stock. The majority of the existing housing units are in acceptable condition, with only a few having structural or cosmetic problems. The greatest number of homes with structural or cosmetic problems are concentrated west of State Street between Abbot Road and Santa Ana Street. In this area, homes require painting, roofing, landscaping, foundation, or other structural work.

Seismic safety improvements may be required for some homes built prior to 1939, even though these homes may appear to be in good condition. The most common problems found in such homes are failure to bolt the house to the foundation and unreinforced masonry work on porches, chimneys, and so on. South Gate is adjacent to an active branch of the Whittier earthquake fault, recently named the South Gate Fault.

The Southern California Association of Governments (SCAG) estimates in the 1988 Regional Housing Needs Assessment (RHNA) that a total of 898 housing units will be needed by 1994 to accommodate the expected growth in South Gate. According to the RHNA, the 898 units should be designated for the following income levels: very low, 120 units; low, 167 units; moderate, 222 units; and above moderate, 389 units. According to the 1990 census, of the 22,194 households living in South Gate, 8,790 were lower income households paying more than 30 percent of their income for housing. Households paying more than 30 percent of their income for housing are considered by the RHNA to comprise the City's existing housing need. The RHNA further provides an estimate that 5,573 renter households and 3,217 owner

households are currently overpaying for shelter.

Constraints on housing development and construction stem from a variety of factors. These factors may include local land use controls, state and federal mandates, and market mechanisms. Land use controls (general plan designations and zoning) and contaminated sites may limit housing density and may constrain housing development by restricting the areas available for residential construction. Housing development may also be constrained by building codes which increase construction costs and ultimately increase housing purchasing prices. Additionally, on- and off-site infrastructure improvement requirements, as well as development fees and exactions, if exorbitant, may discourage housing construction. South Gate fees are not significantly different than those of surrounding jurisdictions, and do not present a constraint.

Nongovernmental constraints such as interest rates and other loan costs, land prices, contamination clean-up costs, construction costs, and material costs may also discourage housing production. In particular, as interest rates increase, both construction costs and home purchasing prices rise as well. Similarly, an increase in land or construction costs will increase the housing unit cost unless more units can be built on the same site. Higher costs are passed on to the consumer thus reducing the number of households who can afford to buy or rent in South Gate.

SECTION 2

ASSESSMENT OF HOUSING NEEDS AND AN INVENTORY OF RESOURCES

The housing needs of the City of South Gate are determined by the characteristics of the population (age, household size, income, physical disabilities, etc.) and the characteristics of the housing available to them (number of units, tenure, size, cost, etc.). The existing housing stock is rarely perfectly suited to all of the residents of the community because life situations change and different types of housing are needed at different stages in our lives. This section explores the characteristics of the existing and projected population and housing stock in order to define the extent of housing needs in the community that have not been met.

POPULATION

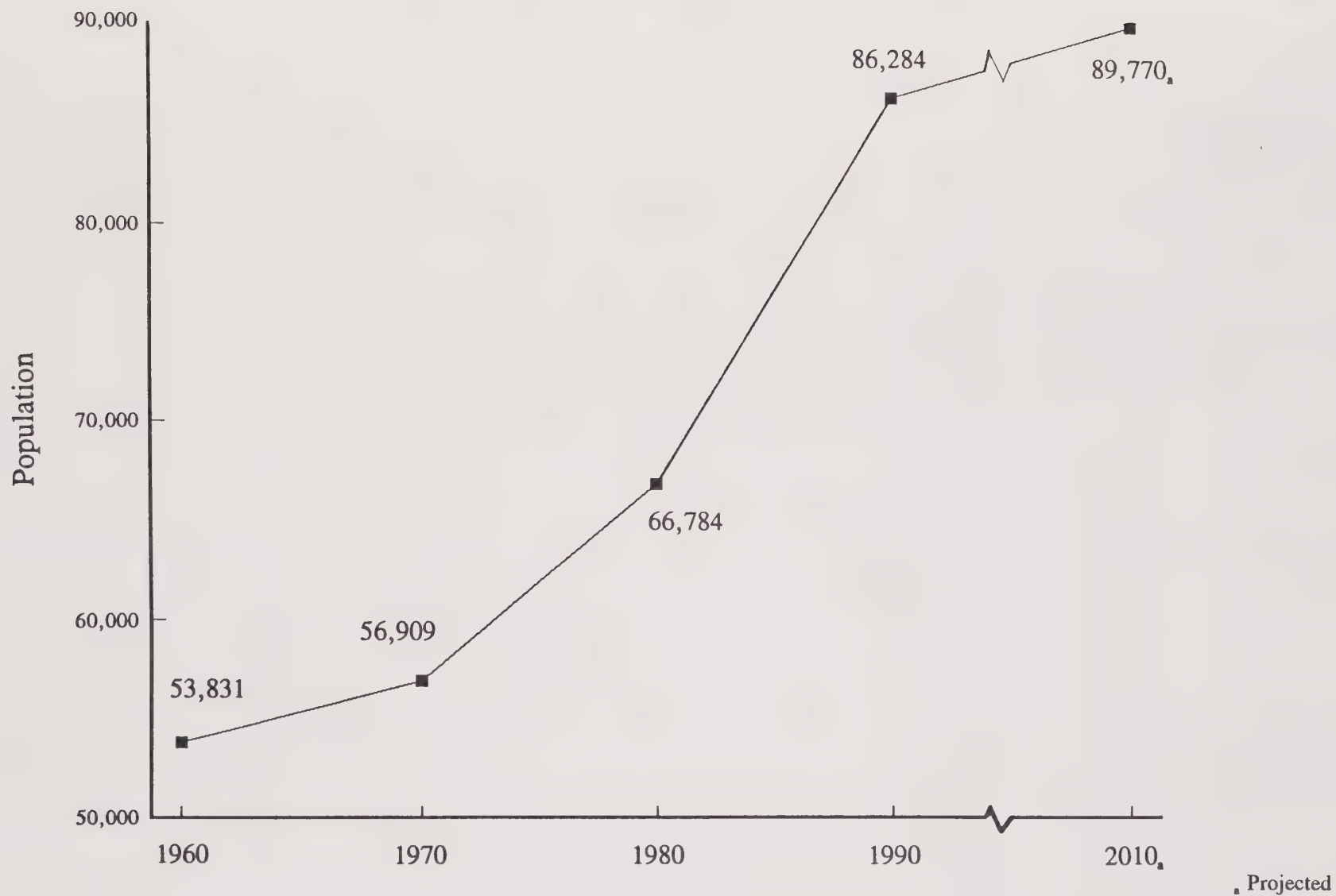
There has been a steady growth (62.4 percent) in the City's population over the past thirty years as shown in Table 1. Although there has been little vacant land to develop for residential use, growth is occurring from recycling of older areas. Recycling occurs in older areas which have been developed at densities less than those permitted by the zoning and general plan. These areas have the potential to be redeveloped at higher densities.

**TABLE 1
POPULATION GROWTH**

Year	Population	Percent Increase From Previous Census Period
1960	53,831	--
1970	56,909	5.7
1980	66,784	17.4
1990	86,284	29.2
2000	88,010	2.0 ^a
2010	89,770	2.0 ^a

^a Projected

Source: U.S. Census Data 1960, 1970, 1980 and 1990
SCAG 2010



Source: US Census 1960, 1970, 1980, and 1990.

Population Growth, 1960- 2010.

Exhibit 1

Table 1 and Exhibit 1 also contain growth projections for the City to the year 2010. By 2010, the growth rate anticipates the population to be approximately 89,770 persons. This projection does not assume a continuation of new housing development at rates similar to that which has occurred since 1970. This projection assumes that South Gate is predominately built out and that the community is not realistically capable of sustaining a substantial increase in housing units or population. However, South Gate has continued to increase its population while the number of sanctioned units remain constant. The population has increased because:

- The household ethnicity has changed from persons who traditionally have fewer children to persons who traditionally have many children. Also, these families tend to live with multi-generations, thus, the number of persons in the families has increased.
- Secondary units have been constructed in garages. Although South Gate does not permit the conversion of garages to secondary units, many of these conversions have illegally occurred. Again, two households are residing where there was only one previous household.

Regionally, Los Angeles County has grown 17.3 percent since 1980. The cities immediately surrounding South Gate have grown more slowly. The population in the surrounding six cities, Bell, Bell Garden, Cudahy, Downey, Huntington Park, and Lynwood, has increased from 5.6 percent to 13.7 percent, with an average 10.4 growth rate for the decade as shown in Table 2. When Downey's population rate of change is omitted from the calculation (omitted because it is uncharacteristically low for the region), the average rate of growth for the region is 12.0 percent. South Gate's population at 29.2% is rising more quickly than the surrounding cities and the county. The population growth may be attributed to a higher concentration of minority groups, which have larger families; increased sharing of housing units; and decreasing numbers of elderly households which have a smaller number of family members.

TABLE 2
POPULATION TRENDS, SOUTH GATE AND SURROUNDING AREAS

Jurisdiction	1970	1980	Percent Change (1970-1980)	1990	Percent Change (1980-1990)
South Gate	56,909	66,784	17.4	86,284	29.2
Bell	^a	25,450	--	28,650	12.6
Bell Gardens	29,308	34,117	16.4	38,800	13.7
Cudahy	^a	17,984	--	20,400	13.4
Downey	88,445	82,602	-6.7	87,200	5.6
Huntington Park	33,744	46,250	37	52,000	12.5
Lynwood	43,353	48,548	12.0	54,400	12.1
Los Angeles County	7,042,000	7,477,503	6.2	8,769,900	17.3

^a No figures given for 1970.

Sources: U.S. Census 1970, 1980, and preliminary 1990 data.

State of California Department of Finance 1990.

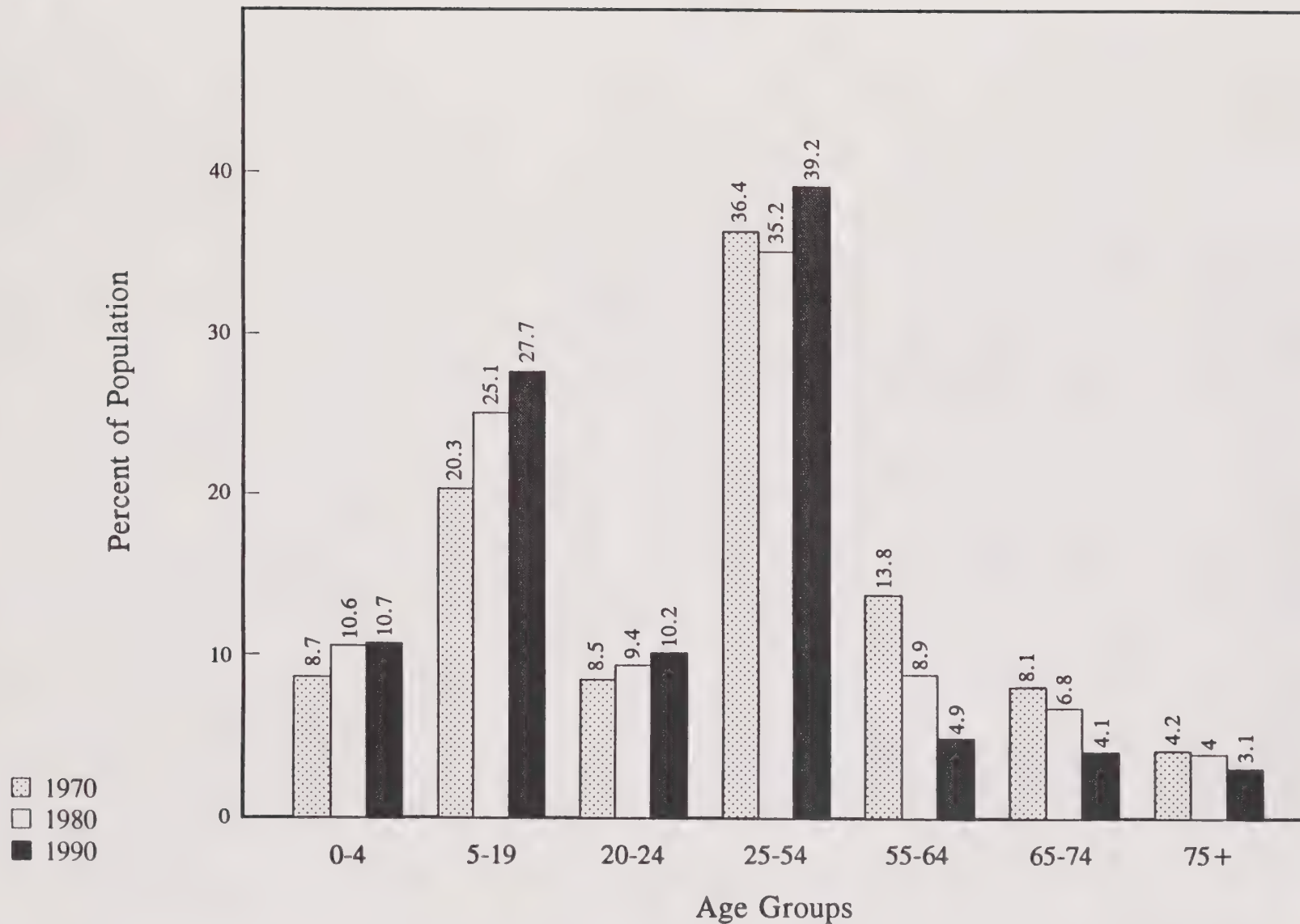
AGE

Table 3 and Exhibit 2 show the age distribution of the City's population in 1970, 1980 and 1990. The trend during the past twenty years has been a dramatic increase in the younger population (0 to 24) and a decrease in the number of early retirees and retirees. This is reflective of the young families in-migration far outweighing the aging of the existing population. In 1970 the younger population represented 37 percent of the city's population compared to the 12 percent of retired residents. In 1990 the trend continued with a 49 percent younger population and a 7 percent retired population. In part, this trend is a result of a turnover of the older, white households, to younger and larger Hispanic families. The impacts of the ongoing demographic shift within the City include the overcrowding of schools, recreational facilities and housing as the numbers have indicated. The population cannot continue to grow within the City of South Gate and reasonably expect to receive limitless housing opportunities.

TABLE 3
AGE CHARACTERISTICS

Age Range	1970	1980	1990	Percent Change (1970-1990)	Average Annual Percent Change
0-4 (Preschool)	4,940	7,108	9,205	86	4.3
5-19 (School)	11,564	16,789	23,940	107	5.4
20-24 (College)	4,814	6,305	8,810	83	4.2
25-54 (Working)	20,703	23,485	33,825	63	3.2
55-64 (Early Retirement)	7,862	5,916	4,270	-46	-2.3
65-74 (Retirement)	4,617	4,535	3,576	-23	-1.2
75+ (Senior Citizens)	2,409	2,646	2,658	10	0.5
Median Age	33	28.5	25.7	N/A	N/A

Source: U.S. Census 1970, 1980 and 1990.



Source: US Census 1970, 1980, 1990.

Population Age Distribution, 1970, 1980, and 1990.

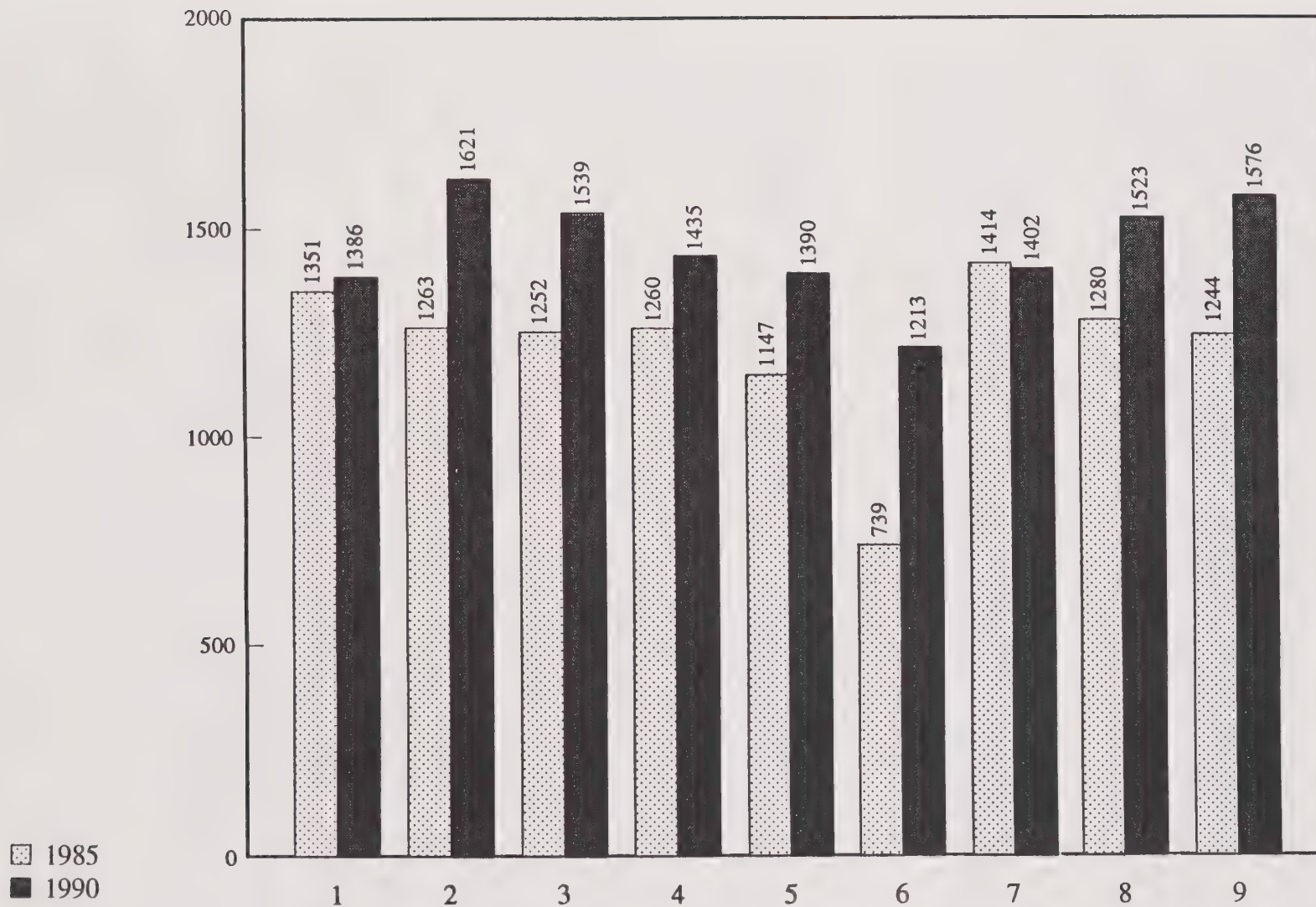
Exhibit 2

Information from the Los Angeles Unified School District (LAUSD) contained in Table 4 and Exhibit 3 indicates that enrollment has significantly increased between 1985 and 1990. The LAUSD data and census data confirm that the young population continues to increase, thus creating the need for housing units with more bedroom and bathroom facilities.

TABLE 4
SCHOOL ENROLLMENTS BY GRADE

Grade	1985	1990	Percent Change	Average Annual Percent Change
K	1,351	1,386	2.6	0.7
1	1,263	1,621	28.4	7.1
2	1,252	1,539	22.9	5.7
3	1,260	1,435	13.9	3.5
4	1,147	1,390	21.2	5.3
5	739	1,213	64.1	16.0
6	1,414	1,402	-0.9	-0.2
7	1,280	1,523	19.0	4.8
8	1,244	1,576	26.7	6.7

Source: City of South Gate.
Los Angeles Unified School District 1990.



Source: Los Angeles Unified School District, 1990.

School Enrollment.

Exhibit 3

RACE AND ETHNICITY

Over the past twenty years, the City of South Gate has experienced a dramatic change in the ethnic composition of the population. In 1970 it was estimated that approximately 98 percent of the city's population was white and the Hispanic population was less than 1 percent. In comparison, in 1990, only 13 percent of all South Gate residents were white and over 83 percent of all South Gate residents were of Spanish origin. As shown in Table 5 and Exhibit 4, the number of minority residents, particularly those of Hispanic origin, increased between 1970 and 1990. This indicates an increase in minority representation in the total South Gate population as a whole. The increase in minority population is attributed to new residents who are primarily of Hispanic origin, and attributed to a U.S. Census category change. The 1990 census permitted persons in all racial categories to also categorize themselves as ethnically Hispanic. Thus, more persons identified themselves as Hispanic in 1990, rather than white, as in 1970.

As a result of the City's ethnic change, 71 percent of all South Gate households in 1990 had a Hispanic head of household. Forty-two percent of the Hispanic households were owners and 58 percent were renters, whereas 49 percent of all South Gate households were owners and 51 percent were renters.

TABLE 5
RACE AND ETHNICITY

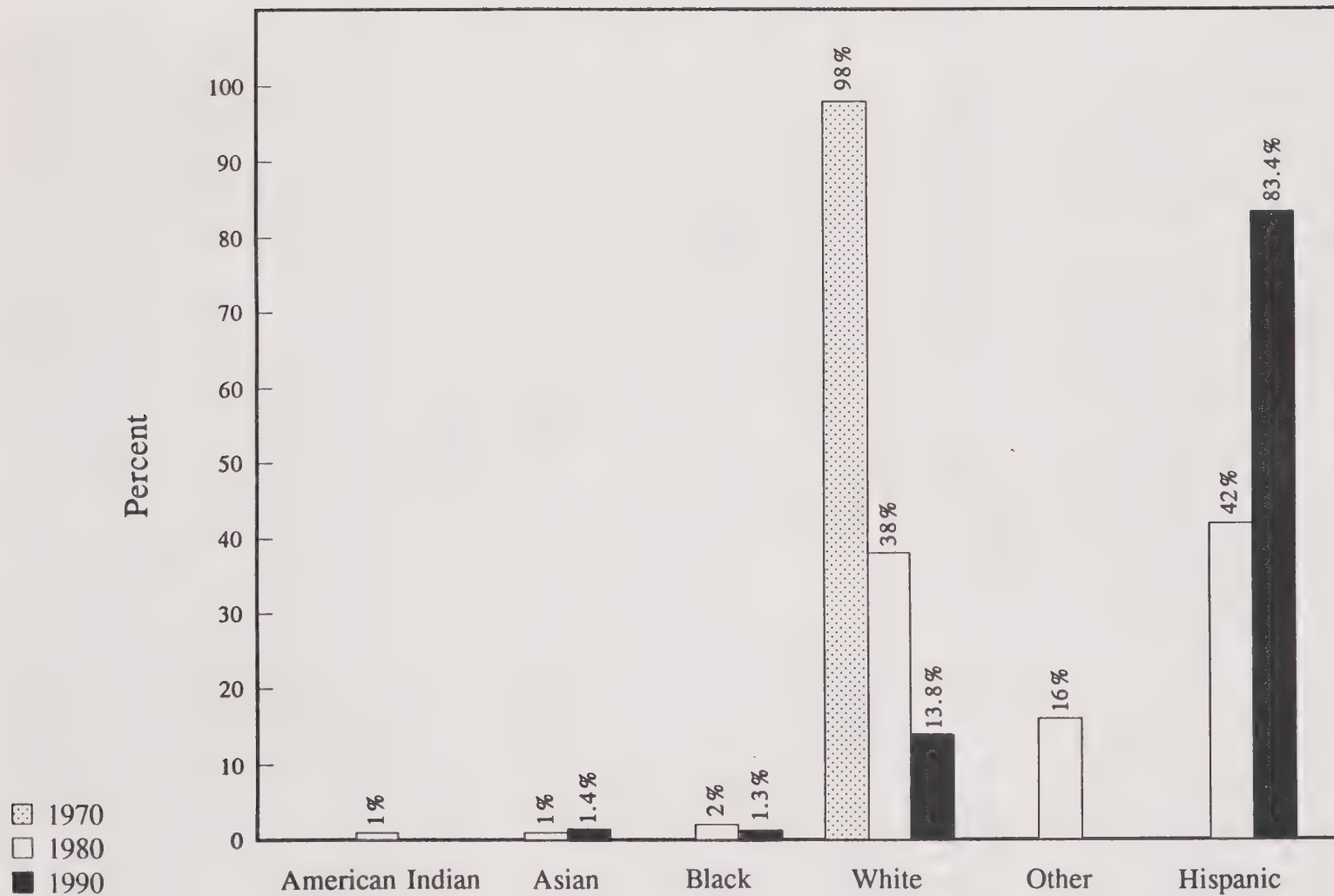
Race/Ethnicity	1970	Percent	1980	Percent	1990	Percent
American Indian	-- ^a	0	441	less than 1	284	less than 1
Asian	-- ^a	0	955	1.4	953	1.4
Black	40	less than 1	1,248	1.9	1,122	1.3
White	55,913	98	25,171	37.7	11,957	13.8
Other	-- ^a	0	10,764	16.1	228	less than 1
Total	56,909	100	66,789	57.8	14,316	16.6
Hispanic ^b	9,839 ^c	less than 1	28,205	42.2	71,968	83.4

^a Not determined in 1970 Census.

^b Persons of Hispanic origin are also included in several racial groups.

^c Spanish Surname.

Source: U.S. Census 1970, 1980 and 1990.



Source: US Census 1970, 1980, 1990.

Population Ethnicity.

Exhibit 4

DISABILITY STATUS

Statistics on the incidence and types of disabilities occurring in the population are not very accurate, even in the case of the U.S. Census, because handicaps requiring modified housing are not separated from other disabilities (mental illness, emphysema, etc.). Based on the 1990 census data shown in Table 6, approximately 5.7 percent of the work age population of South Gate (ages 16 to 64) had a disability that hindered their working ability and 3.5 percent that hindered their mobility. Of the residents over age 65, approximately 28.6 percent reported a disability that handicapped their mobility. These people may need special housing with ramps instead of stairs, elevators for units with two or more stories, and modified bathrooms, kitchens, doorways, etc. Recent changes to State law require all new apartment construction to be accessible to the handicapped; but older units and condominiums or townhouses are rarely accessible. Modification of units to accommodate the handicapped is expensive, and it is not always possible to modify a unit after it has been completed. Older units, particularly older multi-family structures, are very expensive to retrofit for disabled occupants because space is rarely available for ramps, widened doorways, etc.

TABLE 6
DISABILITY STATUS OF NONINSTITUTIONAL SOUTH GATE RESIDENTS, 1990

Age Group	Total	Number and Percent of Total With Work Disability	Number and Percent of Total Not in Work Force	Number and Percent of Prevented From Working	Number and Percent With a Mobility Limitation
16-64	53,451	3,053 (5.7%)	2,187 (4.1%)	1,745 (3.2%)	1,901 (3.5%)
65+	6,234	N/A	N/A	N/A	1,783 (28.6%)

Source: U.S. Census 1990.

HOUSEHOLD CHARACTERISTICS

Although the characteristics of individuals are important in defining housing needs, the characteristics of households are more important. A household is defined as all the people occupying a dwelling unit, whether or not they are related. In 1990, there were a total of 22,946 housing units in South Gate and 22,428 households, thereby leaving a remainder of 518 vacant housing units within the City. A single person living in an apartment is a household, just as a couple with two children is considered a household. Table 7 shows the changes in household composition between 1970, 1980 and 1990. The number of households in South Gate increased by 164 between 1970 and 1980, however, there has been a slight decrease (689 households) in the number of occupied households. This slight decrease runs counter to the 29 percent increase in the overall population, but it might be attributed to illegal residents not wanting to be considered in the census count.

There is also a substantial decrease in the number of persons living in group quarters. Group quarters include people living in institutions, such as nursing homes, college dormitories, and jails. The majority of the increase in the group quarters population over the period 1970-90 reflects the larger number of elderly requiring group care.

South Gate has a higher average household size (3.89 persons per household) than the 1990 county-wide average of 2.69, which would be expected in a City where the predominant housing type is the single-family detached and where the local schools are crowded.

**TABLE 7
HOUSEHOLD CHARACTERISTICS**

	1970	1980	1990
Total Population	56,909	66,784	86,284
In Group Quarters	62	89	115
Total Households	22,719	22,883	22,428
Average Size	2.5	2.92	3.89
Percent Families	72.7	73.2	81.9
Percent Single-Person	27.3	23.3	18.1
Percent in Group Quarters	---	3.5	

Source: U.S. Census 1970, 1980 and 1990.

Large Households and Overcrowding

The federal government defines an overcrowded household as one having 1.01 or more persons per room. Such overcrowding tends to result in rapid wearing of the housing. In addition, overcrowding is undesirable for the people who live in such conditions. In 1990, about 4,238 households, or 18.5 percent of the total were considered overcrowded. Overcrowding occurs when there is insufficient supply of housing of the right size and the right price to accommodate the larger households in the City.

In 1990, there were 7,746 large households in the City (that is, households with five or more members). Thus, 35 percent of all households in South Gate can be defined as large. Most overcrowding is due to the inability of the households to afford a unit which would adequately accommodate them. That is, the City lacks sufficient low cost housing for all of its larger households.

Some of the lower density residential zones within the City will be considered for rezoning to accommodate medium densities. The total effect of rezoning to these medium densities is to alleviate the overcrowding to a degree. The total overcrowding reduction will be the net effect once rezoning takes place. However, the carrying capacity of South Gate's infrastructure and community services cannot provide for a limitless population. Therefore, housing opportunities can and will be expanded but most occur within the bounds of available land and City health and safety codes.

Female-Headed Households

Both male and female single parent households are likely to have special needs for safe housing near day-care and recreation facilities and with access to public transportation. Households with a female head are especially likely to need assistance because women continue to earn less on average than men. In 1990, 3,216 households living in South Gate were headed by women, or 14.5 percent of the total households. Of the female-headed households, approximately 56.1 percent of these (2,279 households) included children. The 1990 Census found that 3,459 households (or 15.6 percent of the total households in the city) were living below the federally defined poverty level. Although 15.6 percent of all households had incomes below the poverty level, 33.8 percent (1,086 households) of all female-headed families in South Gate had incomes below the poverty level, as shown in Table 8. Therefore, a disproportionate number of female-headed households in South Gate are below the poverty level.

TABLE 8
POVERTY STATUS BY HOUSEHOLD TYPE -- 1990

	Below Poverty Level		Above Poverty Level		Total	
	Number	Percent	Number	Percent	Number	Percent
Elderly (65+)	516	13.5	3,298	86.5	3,814	100
Families	1,364	10.4	11,762	89.6	13,126	59.1
Children (0-17)	3,189	14.5	18,742	85.5	21,931	N/A
Female-Headed	1,086	33.8	2,130	66.2	3,216	14.5
With Children	1,000	43.9	1,279	56.1	2,279	N/A
No Children	86	9.2	851	90.8	937	N/A
Male-Headed	313	17.0	1,532	83.0	1,845	8.3
With Children	202	22.4	698	77.6	900	N/A
No Children	82	10.6	691	89.4	773	N/A
Non-Families	696	17.4	3,311	82.6	4,007	18.1
Total Households	3,459	15.6	18,735	84.4	22,194	100

Source: U.S. Census 1990.

Income

In 1990, the median household income for the City of South Gate was \$27,279, as shown in Table 9, which was significantly lower than the county-wide average of \$42,300. To a great extent, this reflects the large percentage of South Gate households containing blue-collar workers as opposed to professional persons found elsewhere in the county. There was a marked disparity between the median income of homeowner and renter households. The median household income reported for owner-occupants was \$39,541, but the median for renters was only \$25,210. That is, renter households on the average had annual incomes only 63.8 percent of that of South Gate homeowners.

TABLE 9
ANNUAL HOUSEHOLD INCOME

INCOME	HOUSEHOLDS	FAMILIES	NON-FAMILY HOUSEHOLDS
\$ 0 - 4,999	1,066	696	440
\$ 5,000 - 9,999	2,247	1,236	1,150
\$ 10,000 - 14,999	2,260	1,778	662
\$ 15,000 - 24,999	4,381	3,849	706
\$ 25,000 - 34,999	4,270	3,620	556
\$ 35,000 - 49,999	3,938	3,513	287
\$ 50,000 - 74,999	2,980	2,588	175
\$ 75,000 - 99,999	719	615	16
\$100,000 or More	333	292	15
TOTAL	22,194	18,187	4,007
MEDIAN INCOME	\$27,279	\$28,980	\$13,240

Source: U.S. Census 1990.

The 1990 Census indicated that the primary source of income for most South Gate residents was wages and salaries (80.8 percent of all households), but 20.9 percent (4,653 households) of households also reported social security as a source of income and 2,707 households, or 12.2 percent, reported receiving some form of public assistance. These changes in the number of households receiving assistance may reflect population increase, as well as an actual increase in the number of households in need of assistance.

Elderly

Households with elderly heads are a small but remain a constant portion of South Gate's total households. In 1970, 18 percent of the households were headed by persons over 65. In 1990, this condition remained unchanged as 3,977 households, or 18 percent of the total, were headed by the elderly. Of these, 69.1 percent were owners and 30.9 percent rented their homes. The elderly households are more likely to own their home than the general South Gate population, however, elderly households are frequently on fixed incomes and may not have the resources or stamina to repair their homes when problems arise.

Homeless

One of the most tragic features of the 1980's and 1990's has been the record increase in homelessness in the United States. According to a homeless study prepared by the California State University, Northridge, Department of Geography, which was based on the 1990 Census and completed in July 1992, it is estimated that there are currently between 100 to 250 homeless persons within the City of South Gate. Agencies, such as the California Department of Community & Senior Citizen Services, the Southeast Council and the Parents of Watts provide information and assistance to those homeless persons within the community. Although there are not any homeless shelters located in South Gate, there are several homeless shelters in the surrounding areas, such as:

Greater Watts Mission
1867 E. 97th Street
Los Angeles

Compton Aid Center
600 N. Alameda Street
Compton

Rio Hondo Temporary Home
11400 Norwalk Boulevard
Norwalk

East Compton Community Service Center
4513 E. Compton Boulevard
Compton

Southland Shelter For Women
6745 E. Suva Avenue
Bell Gardens

The causes of homelessness are many and complex. Some of the homeless are mentally disabled people who were not able to get into one of the scarce counseling and assistance programs to care for their needs. Some are Vietnam veterans who have been unable to readjust to life in the United States. As with the mentally disabled, funding for assistance programs is inadequate. Some are women or children forced out of their homes by physical or sexual abuse. The largest majority of the homeless, however, are people who have lost

their jobs and do not have the training, skills, or resources to rejoin society. Plant closures and a changing job market have reduced or eliminated many jobs. Without work, these people do not have the money to pay for housing. And at the same time that unemployment and underemployment were on the rise, the cost of housing was increasing even more rapidly. Since 1980, housing costs have risen at roughly double the rate that incomes have risen in Southern California. The result has been an increasing number of homeless individuals and families who need the assistance of their fellow citizens in order to live.

Since there are no agencies located in South Gate which serve the homeless, and there are no emergency shelters or transitional housing, these homeless persons must utilize services outside of the City. In order to provide adequate services for the homeless persons of South Gate, appropriate shelter resources need to be developed within the City for those residents who need them.

Employment

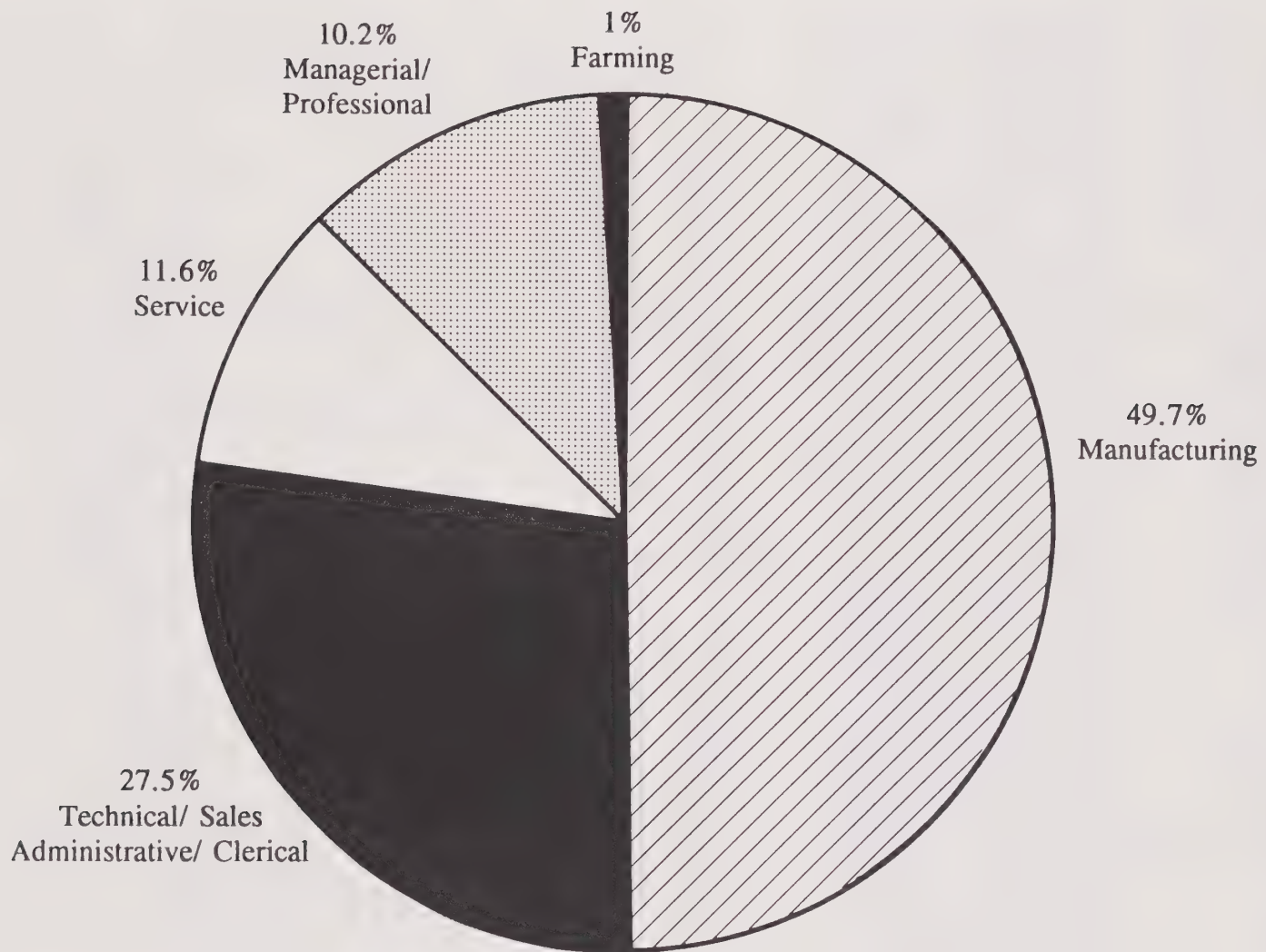
Table 10 and Exhibit 5 show the types of employment held by South Gate residents in 1990. In 1990, there were 34,588 South Gate residents between the ages of 16 and 64 and, therefore, considered a part of the labor force. Over 49 percent of South Gate residents were employed as operators/laborers (manufacturing), 27 percent were employed as technical/sales/administrative/clerical persons and 10 percent were employed as managerial/professionals. In 1990, 4,198 people, or 10.8 percent of the labor force, were unemployed as compared to 6 percent unemployment for the entire Los Angeles County.

This data reflects the employment patterns of South Gate residents, not the jobs available within the City. South Gate is not a job-rich community; SCAG preliminary estimates indicate that there were 28,281 jobs in the City in 1987, and 50,574 residents were employed. Therefore, many South Gate residents are employed in surrounding cities. The number of jobs within the City is to remain fairly constant because primary employment generating land use, i.e., industrial land, is nearly fully utilized.

**TABLE 10
JOBS HELD BY SOUTH GATE RESIDENTS**

Job Category	Number	Percent
Managerial/Professional	3,511	10.2
Sales/Technical	3,611	10.4
Clerical/Support	5,899	17.1
Service	4,007	11.6
Farming	338	1.0
Manufacturing	17,222	49.7
Total	34,588	100

Source: U.S. Census 1990.



Source: US Census 1980.

1980 Jobs Held by South Gate Residents.

Exhibit 5

Using 1990 census data, SCAG estimates that there were less than 100 farmworker households in South Gate in 1990, all of whom were lower income, based on regional averages. For South Gate, this is probably an over-estimate of farmworker housing needs. There were undoubtedly households whose heads were employed in agriculture in 1990. Most of these were nursery workers who claim South Gate as a primary residence. There is no need for South Gate farmworker housing because farm workers' housing needs can be met by conventional affordable housing programs.

HOUSING STOCK

Table 11 and Exhibit 6 show the number and type of housing units in South Gate in 1970, 1980, and 1990. The total number of single-family homes, multi-family structures, and mobile homes have increased slightly since 1980. However, the number of single-family homes has decreased 6.7 percent in the past 20 years, while the number of 2-4 unit multiple-family units has increased 6.2 percent. Table 11 also identifies that a 28.9 percent (1,515 housing units) decrease in the existing multi-family developments, with more than 5 units, has occurred. It has been noted, however, that the City of South Gate has not actually experienced a decrease of housing units. Therefore, the City has assumed that this discrepancy is a result of an undercount by the U.S. Census Bureau.

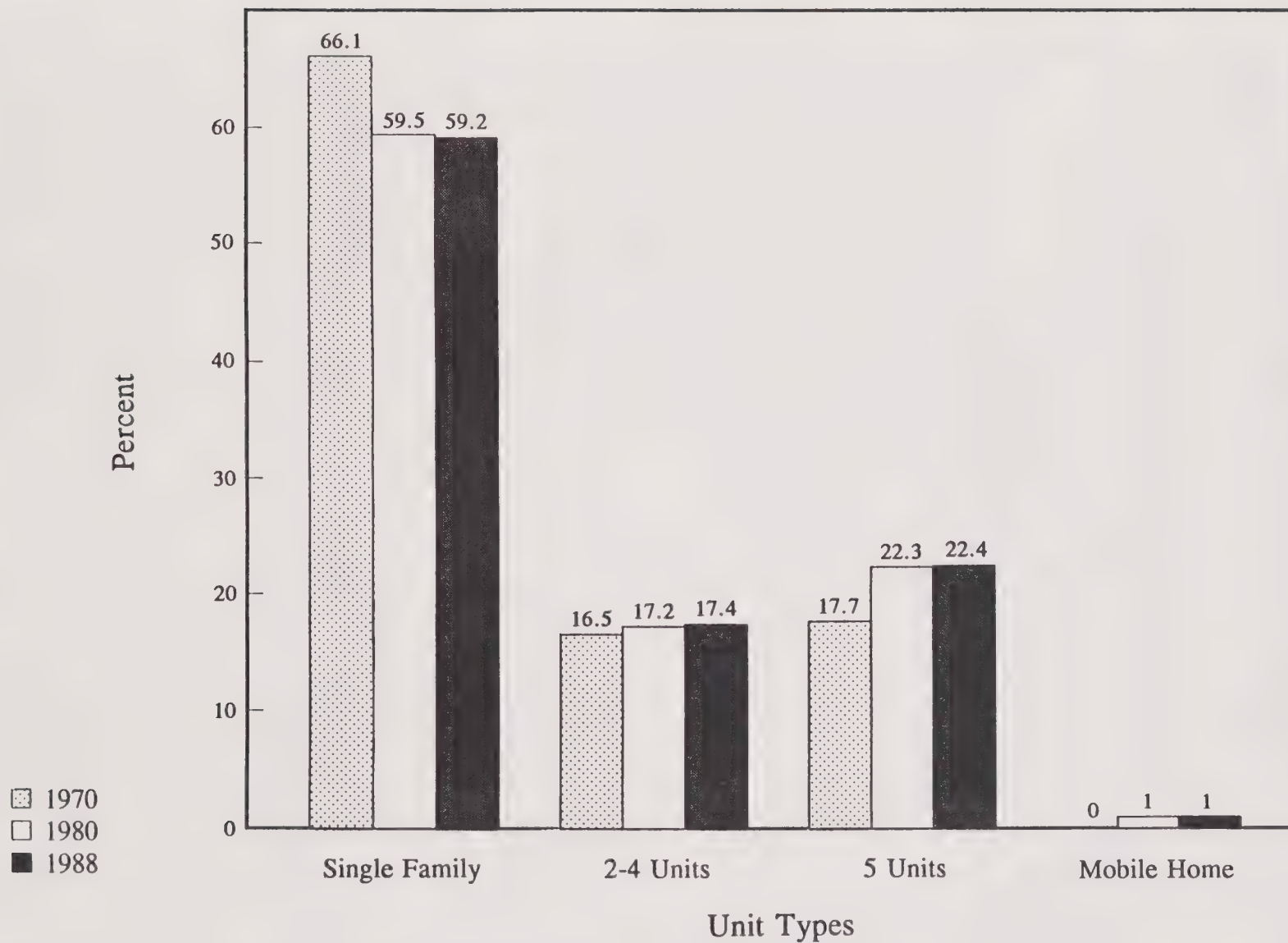
**TABLE 11
UNIT TYPE 1970, 1980, and 1990**

Unit Type	1970		1980		1990	
	Number	Percent	Number	Percent	Number	Percent
Single-Family	15,536	66.1	14,049	59.5	14,497	63.2
2-4 Units	3,877	16.5	4,056	17.2	4,117	18.0
5+ Units	4,099	17.4	5,249	22.3	3,734	16.2
Mobile Homes	^a	--	235	1.0	319	1.4
Other	^b	0	^b	0	279	1.2
Total	23,512	100	23,589	100	22,946	100

^a 1970 Census includes Mobile Homes in single-family category.

^b Not Determined in 1970 and 1980 Census.

Sources: U.S. Census 1970, 1980 and 1990.



Source: US Census 1970, 1980; State of California Department of Finance, 1990.

Housing Unit Types, 1970, 1980, and 1988.

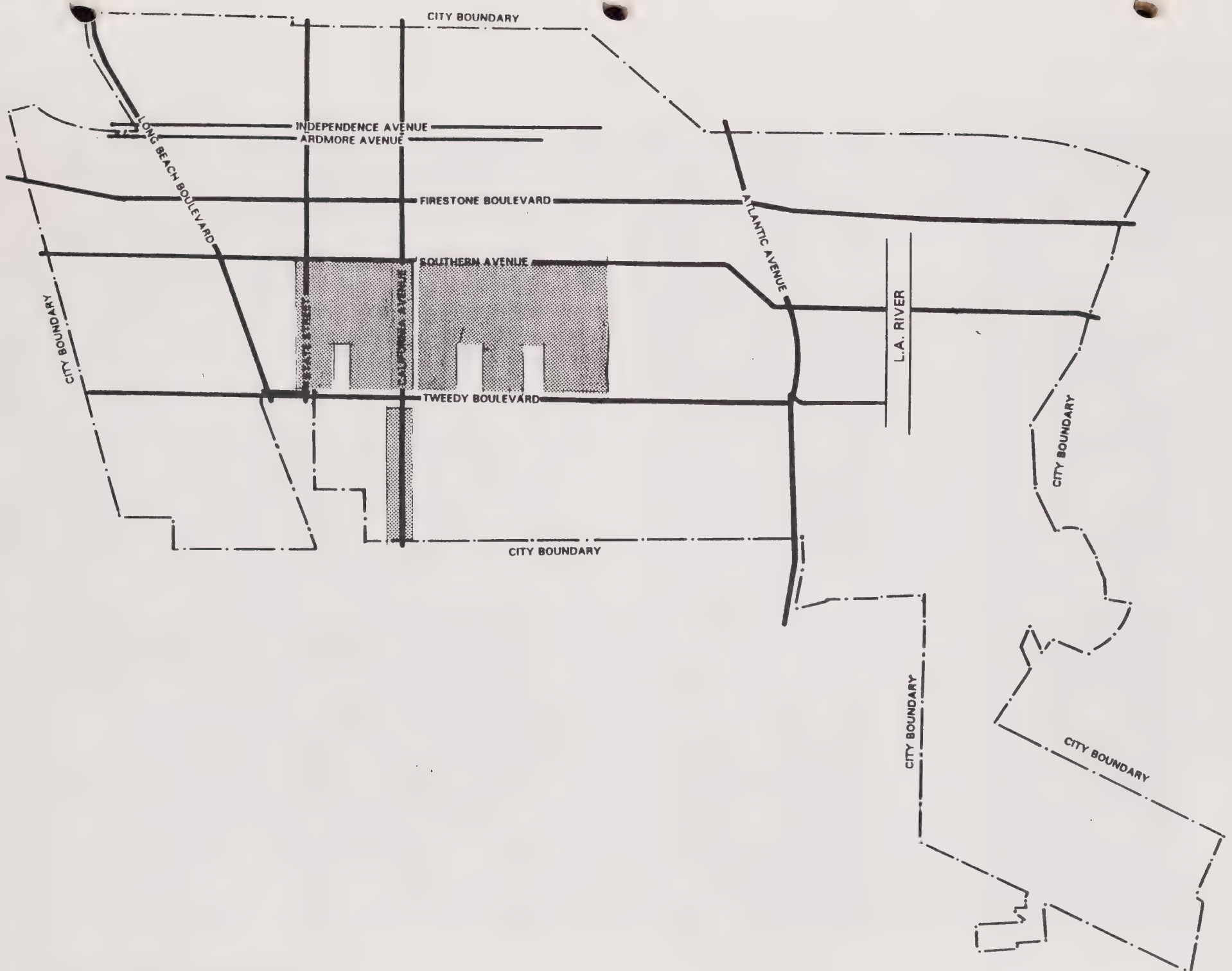
Exhibit 6

Housing Units Constructed

The decrease in the total number of single-family homes and the increase in the total number of multi-family housing units has been the result of underdeveloped R-3 (Multiple-Family) zoned properties being recycled from a single-family use to a multi-family use. Table 12 provides the total number of single-family homes lost and constructed, as well as the total number of multi-family housing units constructed since 1984. In addition, Exhibit 7 illustrates those areas within the City that has experienced the recycling of R-3 zoned properties.

TABLE 12
HOUSING UNITS CONSTRUCTED FROM 1984 TO 1991

Year	Total Number of Single-Family Homes Demolished	Total Number of Single-Family Homes Constructed	Total Number of Multiple-Family Housing Units Constructed
1984	7	11	17
1985	10	3	18
1986	8	5	11
1987	26	35	58
1988	6	9	13
Subtotal: Previous Five Year Planning Period	57	63	117
1989	1	11	10
1990	0	16	4
1991	4	12	9
Subtotal: Current Five Year Planning Period	5	39	23
TOTAL	62	102	140



Areas of Recycling Within R-3 Zone

Manufactured Housing

The manufactured housing in South Gate consists entirely of mobile homes located in one park. Mobile home parks represent an affordable housing resource--particularly to the elderly. The City restricts conversion of these parks to other uses (including other residential uses) in order to ensure that the residents are able to relocate to similar spaces. The City does permit the placing of mobile homes on permanent foundations in some zones, so long as the home meets the design criteria set forth in the ordinance. Recent changes in State law require that local jurisdictions permit mobile homes or manufactured housing in all residential zones, but the City can continue to impose design restrictions in order to ensure neighborhood compatibility.

Motel Units

The City of South Gate has identified that there are currently 33 transient motels within the community, which provides an additional 702 units to the City's housing stock. It has been noted by Mr. Bill Downs, of the U.S. Census Bureau (Housing and Household Economic Statistics Division), that (with the exception of the manager's unit) these motel units were not included in the 1990 Census data as housing units since they provide only short-term (less than 30 days) tenancy. However, the City has recognized that, in reality, the existing transient motels provide long-term (over 30 days) housing for low-income individuals and families. Therefore, the City has developed an ordinance that will permit some of the existing transient motels to convert to residential motels in order to allow long-term tenancy within the motels.

Age and Condition

Table 13 shows the age of South Gate's housing stock. Approximately 48 percent, or 11,109 units of the stock, was built prior to 1949. These units may have historic value to the community and may be in good condition. However, age is one indication of the need for rehabilitation. Housing built before 1939 is also less likely to have been built to the structural standards necessary to withstand a major earthquake. Since South Gate is located in a region with earthquake faults that are capable of producing a major earthquake (Richter magnitude 6.5 or greater), its housing programs will need to address the earthquake safety of older housing units. Seismic safety improvements are considered necessary to protect health and safety and, as a result, may be funded with Community Development Block Grant funds if the building occupants meet income eligibility requirements. The most common problems in older units are failure to securely fasten the structure to the foundation and unreinforced masonry work (chimneys, porches, etc.).

TABLE 13
AGE OF SOUTH GATE HOUSING STOCK

Year Built	Number of Units	Percent
Before 1949	11,109	48.4
1950 - 59	5,380	23.4
1960 - 69	3,344	14.6
1970 - 79	1,894	8.3
1980 - 90	1,219	5.3
Total	22,946	100

Source: U.S. Census 1990.

The 1988-1991 housing assistance plan (HAP), prepared by the City, sets goals for the use of funds provided by the federal Community Development Block Grant (CDBG) program. The HAP estimated that there are 3,831 substandard units in the City; 1,893 are owner occupied and 1,938 are rental units. Of these, 3,189 were considered suitable for rehabilitation (1,590 owner and 1,599 renter) and 642 were in such bad condition that they should be replaced. The estimates of substandard housing contained in the 1988-91 HAP were based on South Gate's population as a proportion of the County as a whole--not on a survey of the city or review of census data. As a result, the HAP figures overestimate need. A survey of housing conditions was completed in May 1990 by Michael Brandman Associates as part of this housing element update. The survey found far fewer units in substandard condition. It identified only 1,102 units in need of repair and 2 units beyond repair. Most of the identified substandard units (1,054 units or 96 percent) need only minor exterior work.

Tenure

As shown in Table 14, the 1990 census found that 47.4 percent of the City's households owned the unit they live in, while the remaining 50.3 percent rented; the remaining 2.3 percent were vacant at the time of the census.

TABLE 14
1990 TENURE OF SOUTH GATE HOUSING
RESIDENTIAL UNITS

Total	Owner Occupied		Renter Occupied		Vacant	
	Number	Percent	Number	Percent	Number	Percent
22,946	10,885	47.4	11,543	50.3	518	2.3

Source: U.S. Census 1990.

Housing Cost and Rents

Table 15 shows the median value and median rent for housing in South Gate in 1990 in comparison to the county as a whole and several other nearby jurisdictions. As shown, South Gate housing value was the median, while surrounding cities had more or less expensive values. The region, however, was significantly lower valued than Los Angeles County (with the exception of Downey). Since that time, prices have continued to escalate, as shown in Table 16. Rents have also increased, although not at the rate of sale units. Rent information based on a newspaper advertisement survey and a telephone survey of South Gate property management companies is shown in Table 17. The units listed in the newspaper tend to be the newer, more expensive units. The units managed by management firms are both older and new units.

TABLE 15
1990 HOUSING COSTS, SOUTH GATE AND REGION

Jurisdiction	Median Value	Median Rent
South Gate	\$161,900	\$549
Bell	\$162,600	\$548
Bell Gardens	\$160,500	\$605
Cudahy	\$160,800	\$599
Downey	\$227,300	\$649
Huntington Park	\$160,500	\$521
Lynwood	\$134,700	\$553
Los Angeles County	\$226,400	\$570

Source: U.S. Census 1990.

TABLE 16
1989-1990 HOUSING SALES COST, SOUTH GATE

Unit Size	Average Cost	Cost Range
1 Bedroom	\$115,352	\$52,000 - 220,000
2 Bedrooms	\$144,967	\$51,069 - 285,000
3 Bedrooms	\$174,318	\$17,700 - 430,000
4+ Bedrooms	\$179,162	\$151,000 - 225,000

Source: Construction Industry Research Board 1990.

TABLE 17
RENTS IN SOUTH GATE, 1990

Unit Size	Average Market Rent
1 Bedroom	\$485.00/month
2 Bedrooms	\$630.00/month
3 Bedrooms	\$760.00/month

Source: South Gate Press, June 14, 1990, August 2, 1990, and August 16, 1990.

Overpayment

No matter how expensive housing in the City of South Gate becomes, it is not considered a problem unless it is too expensive for residents to afford. The Federal definition of "affordability" is 30 percent or less of gross monthly income. Studies prepared for the U.S. Department of Housing and Urban Development (HUD) indicate that this is the threshold at which the cost of housing becomes a burden, reducing the money available for other necessary expenses such as food and medical care. Clearly, upper income households can afford a higher percentage of income for housing than can lower income households. Table 18 shows the 1990 housing expenditures as a percentage of income for various income groups in the City. Households earning less than \$20,000 are considered very low income, households earning between \$20,000 and \$35,000 are considered low income, while those earning more than \$50,000 are considered upper income (that is, earning 120 percent or more than the regional median income). It is clear that the percentage of income spent on housing increases as income decreases. The lowest income households are, therefore, most likely to be overpaying for housing and in need of assistance.

In South Gate, 40 percent of all owner and renter households overpaid for their housing. When separating owner and renter categories, 4,297 renter households, or 39 percent, overpay for their housing, while 1,849 owner households, or 19 percent, overpay. Nearly 2/3 of the renter households who earned less than \$20,000 annually overpay for their housing. This indicates South Gate has a great need for lower rent apartments. When comparing South Gate to Los Angeles County, South Gate rents and mortgages are slightly more affordable than in the county as whole. Thirty-two percent of all county households overpay, 41 percent of renters overpay, and 20 percent of the county owners overpay for housing.

TABLE 18
1990 HOUSING EXPENDITURES AS A PERCENTAGE OF HOUSEHOLD INCOME

Income/Cost	Renter		Owner	
	Number	Percent	Number	Percent
Less than \$20,000				
Spent up to 24 percent	204	4.2	1,073	51.9
Spent 25-29 percent	365	7.5	126	6.1
Spent over 30 percent	4,323	88.3	869	42.0
Total	4,892	100	2,068	100
\$20,000 - \$34,999				
Spent up to 24 percent	1,540	39.8	1,043	43.9
Spent 25-29 percent	1,133	29.3	105	4.5
Spent over 30 percent	1,196	30.9	1,225	51.6
Total	3,869	100	2,373	100
\$35,000 - \$49,999				
Spent up to 24 percent	1,176	83.2	1,123	46.7
Spent 25-29 percent	184	13.0	402	16.7
Spent over 30 percent	54	3.8	880	36.6
Total	1,414	100	2,405	100
\$50,000 or More				
Spent up to 24 percent	942	98.9	2,215	80.1
Spent 25-29 percent	10	1.1	308	11.1
Spent over 30 percent	0	0	243	8.8
Total	952	100	2,766	100

Source: U.S. Census 1990.

Note: The totals of the columns do not equal the total number of households because those who paid no cash rent are not included, nor are condominium owners.

Future Housing Needs

In 1988, the Southern California Association of Governments (SCAG) completed a Regional Housing Needs Assessment (RHNA) in order to project the anticipated growth of the Los Angeles Region, including the City of South Gate. SCAG used the 1980 census data information to prepare the 1988 RHNA. SCAG's estimate of existing housing need in the City is shown in Table 19. As shown on Table 19, there are lower income households currently living in South Gate who are considered to be overpaying for housing and, therefore, in need of assistance. That is, they are households with less than 80 percent of the County median income paying more than 30 percent of their income for housing.

TABLE 19
EXISTING HOUSING NEEDS, 1990

	Number	Percent
Total Occupied Households	22,194	100
Low Income Households	6,446	--
Total Very Low/Low Income Households		
Overpaying for Shelter	5,519	100
Very Low Income (less than 50% of County median)	4,323	78.3
Low Income (50% to 80% of County median)	1,196	21.7
Owners	2,094	
Very Low Income	869	42.0 of very low income owners
Low Income	1,225	51.6 of low income owners
Renters	5,519	
Very Low Income	4,323	88.4 of very low income renters
Low Income	1,196	30.9 of low income renters

Source: U.S. Census 1990.

In addition to providing housing for the existing residents of South Gate, there is a need to provide housing for the people who will move into South Gate over the next 5 years as a result of continued growth in the region. SCAG's 1988 Regional Housing Needs Assessment (RHNA) estimates that a total of 898 housing units will be needed by 1994 to accommodate the expected growth in South Gate. According to the RHNA, the additional 898 housing units should be designated for the following income levels: very low, 120 units; low, 167 units; moderate, 222 units; and above moderate, 389 units. The 1988 RHNA considered the following criteria in assessing the future housing needs:

1. Market demand for housing.
2. Employment opportunities.
3. Availability of suitable sites and public facilities.
4. Community patterns.
5. Type and tenure of housing needs.

SCAG's 1988 RHNA estimate of future housing needed to accommodate regional growth in South Gate is shown in Table 20.

TABLE 20
FUTURE HOUSING NEEDS, 1989-1994

	Number	Percent
Total Future Needs	898	100
Very Low Income (less than 50% of County median)	120	13.4
Low Income (50% to 80% of County median)	167	18.6
Moderate Income (80% to 120% of County median)	222	24.7
High Income (120% of County median)	389	43.3

Source: SCAG Regional Needs Assessment, 1988.

Note: The future housing needs assessment targets an ideal vacancy rate of 2 percent for single-family units and 5 percent for multiple-family units in 1994.

SECTION 3

CONSTRAINTS ON HOUSING PRODUCTION

The availability and affordability of housing in South Gate is dependent upon a variety of factors that either encourage or constrain housing development. These factors range from City ordinances to State and Federal mandates (including building codes) to market mechanisms. Sometimes these factors, taken in combination, result in housing that is not affordable to the consumer (especially the lower income consumer) or uneconomical for developers to produce. In South Gate, as in cities throughout Southern California, these constraints make it difficult to produce a full range of housing types and prices.

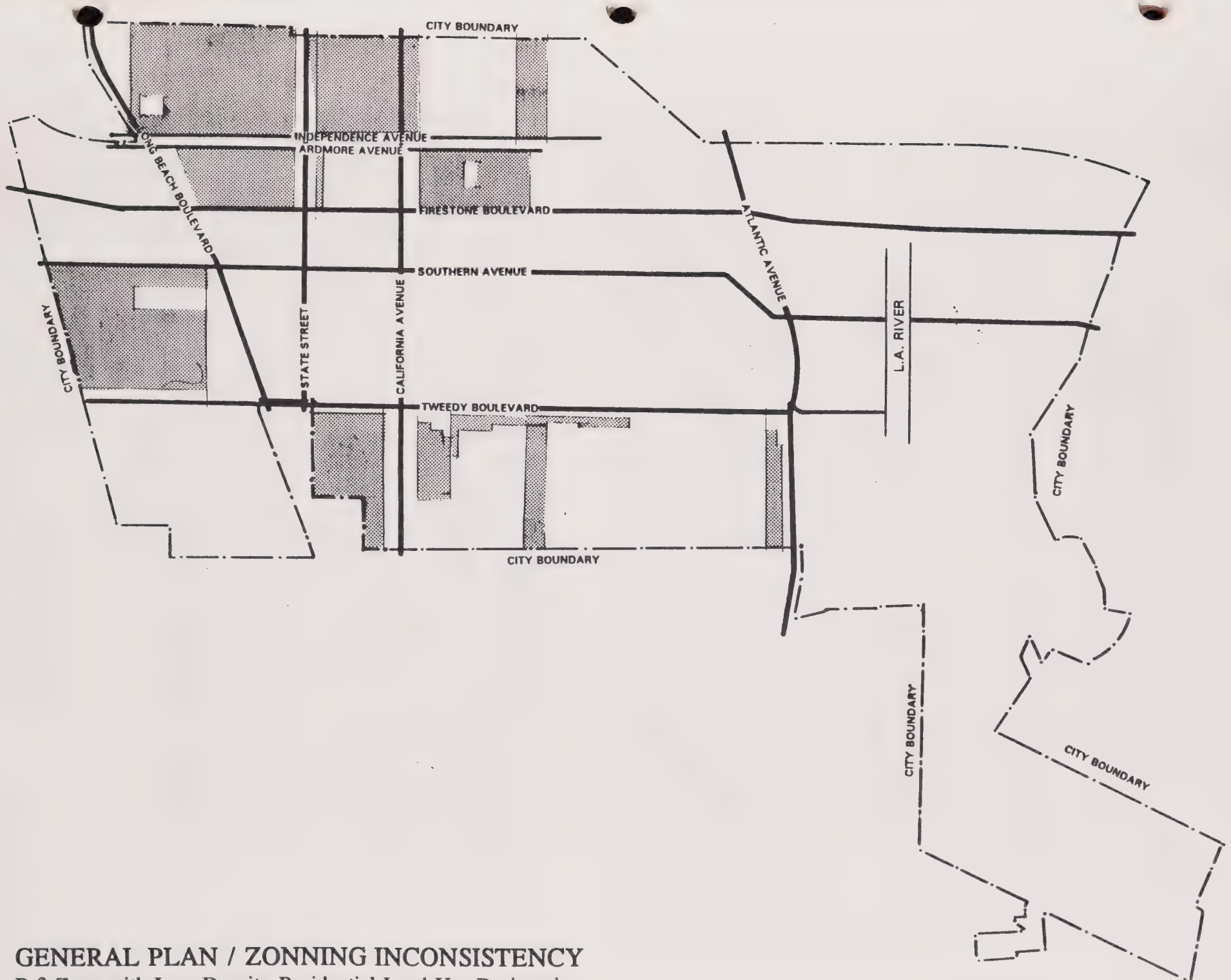
This section explores the governmental regulations and market factors that constrain the production of housing, particularly housing affordable to low and moderate income households. The purpose of this discussion is to consider changes in City procedures or regulations that currently inhibit housing production, and identify market factors that City programs may be able to address.

GOVERNMENTAL CONSTRAINTS

Local government can constrain the production of affordable housing in a variety of ways, including: limiting the land designated for residential development and/or the densities at which that development can occur; imposing fees or exactions (park fees, permit processing fees, etc.); and requiring lengthy review periods prior to approval or denial of a project. However, it is important to recognize that the goal of producing a range of affordable housing may at times conflict with other City goals, such as the desire to provide sufficient open space and recreation facilities, the desire to protect unique environmental features and historic resources, and the desire to ensure the health and safety of the City's residents by maintaining the current level of community services and infrastructure. The need to ensure adequate housing for all economic segments of the community must be balanced with these goals.

LAND USE CONTROLS

As a result of South Gate's General Plan Update in 1986, several residential properties within the R-3 (Multiple-Family) Zone are inconsistent with the General Plan Land Use Designation. This inconsistency was created when certain R-3 properties were given a General Plan Land Use Designation of Low-Density Residential. Since the adoption of the 1986 General Plan, the City has been determining densities based on the General Plan Land Use Designations, which has resulted in a potential loss of additional housing units. The City of South Gate is currently revising the General Plan and Zoning Ordinance to establish consistency. It is anticipated that these revisions, however, will affirm the land development policy for single family use. There has been virtually no change in the amount or location of land designated and zoned for residential development. The result may be an increase in recycling of older lower-density areas to the higher intensity use permitted by zoning. Exhibit 8 illustrates the existing residentially zoned properties that are inconsistent with the 1986 General Plan Land Use Designations.



GENERAL PLAN / ZONING INCONSISTENCY
R-3 Zone with Low Density Residential Land Use Designation.

South Gate's residential zones and their corresponding densities are, as follows:

- R-1. Up to 8 units per acre.
- R-2. Nine to 16 units per acre.
- R-3. Seventeen to 20 units per acre.
- C-R. Up to 30 units per acre.

South Gate's General Plan Residential Land Use Designations and their corresponding densities are, as follows:

- Low Density. Up to 8 units per acre.
- Medium Density. Nine to 16 units per acre.
- Upper-Medium Density. Seventeen to 20 units per acre.
- Mixed-Use Commercial/High Density. Up to 30 units per acre.

Zoning

A survey of the City's zoning inventory indicates that 51.8 percent of the properties within the City of South Gate have a residential zoning designation. Table 21 shows the existing acres designated for each use type. Table 22 shows the existing acres designated for each residential use type. An inventory of existing vacant land shows that up to 236 units may be constructed. This figure, however, may be misleading as it would be difficult to achieve the density as allowed due to existing lot configurations and land use patterns. Table 23 shows the maximum number of units allowable on vacant land as determined by the General Plan designation.

**TABLE 21
EXISTING ZONING DESIGNATIONS**

Zone Types	Acres	Percent of City Total
Residential	1,776	51.8
Commercial	287	8.0
Mixed Use		
Residential/Commercial	119	3.3
Commercial/Industrial	393	10.9
Industrial	629	17.5
Public Facilities	310	8.5
Total	3,514	100

Source: City of South Gate General Plan (1986).

TABLE 22
EXISTING RESIDENTIAL ZONING DESIGNATIONS

Residential Zone Type	Acres	Percent of Residential Total
R-1 (Single-Family)	569	32.0
R-2 (Two-Family)	68	3.8
R-3 (Multiple-Family) & R-4 (Restricted Service)	1139	64.2

Source: City of South Gate General Plan (1986).

TABLE 23
SOUTH GATE VACANT LAND RESIDENTIAL CAPACITY

General Plan Designation	Square Feet of Vacant Residential Land	Maximum Allowable Dwelling Units
Low Density Residential	339,320	62
Medium Density Residential	None	0
Upper Medium Density Residential	10,800	5
Mixed-Use/High Density Residential	29,400	20
Total	379,520	236

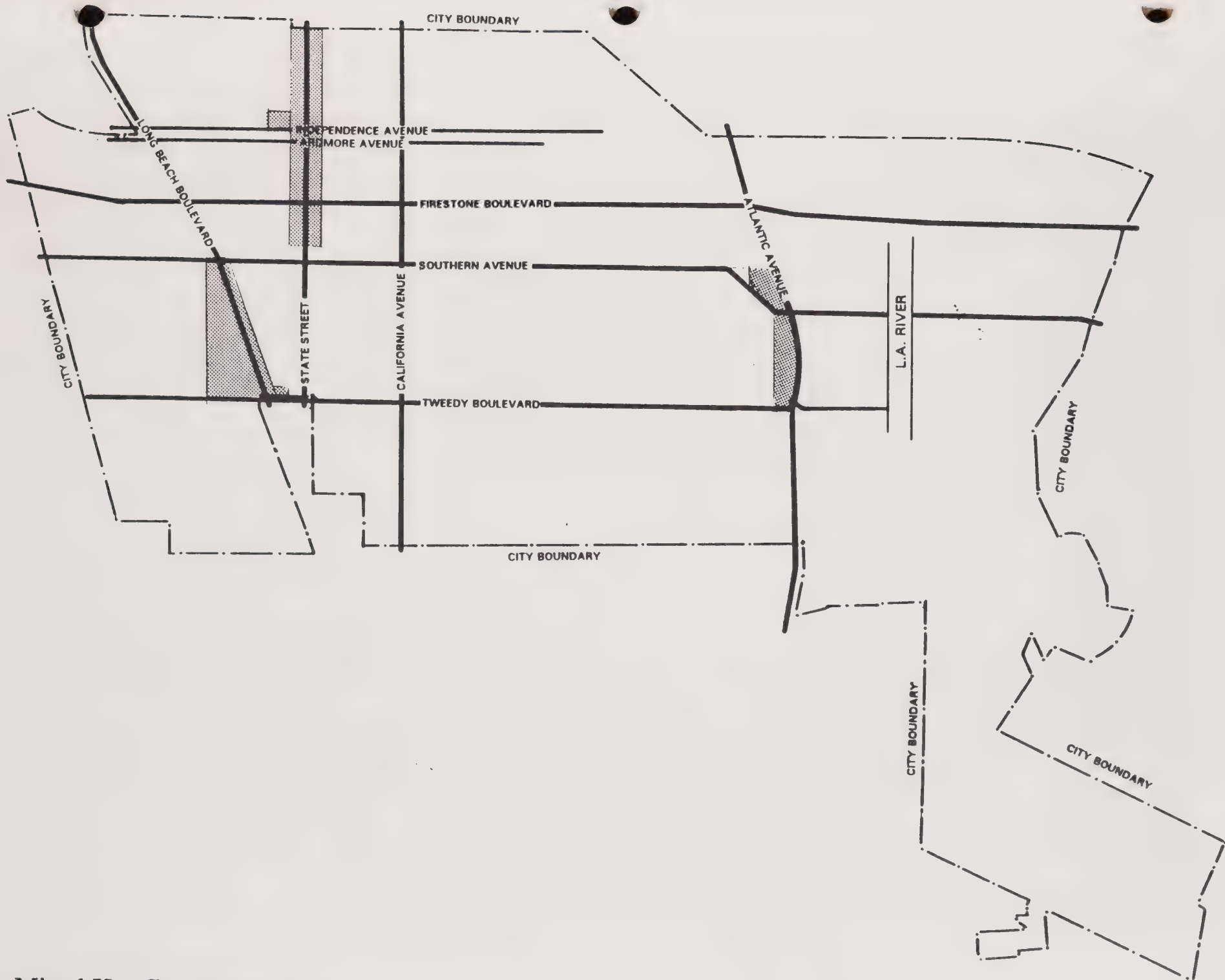
Source: City of South Gate 1990.

The maximum densities permitted by zoning in some areas of the City are higher than the actual developed densities. Thus, it is anticipated that some recycling to higher densities could occur in the underdeveloped neighborhoods.

The General Plan and Zoning Ordinance need to be reviewed to reflect net densities. That is, the achievable densities in any zone are the zoned densities. Although the City does not currently offer the State-mandated density bonus of up to 25 percent for development if it includes affordable housing, the City has encouraged affordable housing within the areas designated as High Density Residential. In addition, the City has increased densities for senior housing projects.

Availability of Land

As noted above, the City has identified that it may be difficult to facilitate the development of its additional 898 housing units, as required by the 1988 Regional Housing Needs Assessment, due to the lack of land for residential uses. However, in an effort to provide additional land to facilitate new housing developments, the City will analyze the feasibility of creating an overlay zoning district for the properties within the General Plan's Land Use Designation of Mixed-Use Commercial/residential which permits a maximum density of up to 30 units per acre. Within the City, there are approximately 119 acres with a land use designation of Mixed-Use Commercial/Residential. Exhibit 9 identifies where the existing Mixed-Use Commercial/Residential areas are located.



Mixed-Use Commercial/Residential Areas

EXHIBIT 9

Development Standards

In addition to density restrictions, other development standards may affect the number of units that can be achieved, for example, height limits, open space requirements, and setbacks. The density of developments being constructed in each zone is the same as that permitted in the zone, which indicates that the development standards are not affecting achievable densities and do not represent a separate constraint. Table 24 provides a summary of the City's residential development standards.

TABLE 24
SUMMARY OF ZONING REGULATIONS

Zone	Required Yards			Structures			Parking
	Front	Side	Rear	Unit Size	Lot Coverage	Maximum Height	
R-1	20' Min	3' Min.	3' Min.	800 s.f.	40%	2-Stories, 35'	2 Spaces Per Unit
R-2	20' Min	3' Min.	3' Min.	800 s.f.	50%	2-Stories, 35'	2 Spaces Per Unit
R-3	15' Min	5' Min.	5' Min.	800 s.f.	50%	2½-Stories, 35'	2 Spaces Per Unit Plus 1 Space Per 5 Units
R-4	15' Min	5' Min.	5' Min.	800 s.f.	50%	2½-Stories, 35'	2 Spaces Per Unit Plus 1 Space Per 5 Units
C-R	7½' Min.	3' Min.	N/A	N/A	N/A	2-Stories, 35' or 4-Stories, 45' W/10' Setback	1-2 Units = 2 Spaces Per Unit; 3+ Units = 1½ Spaces Per Unit

Codes and Enforcement

South Gate is currently using the 1988 edition of the Uniform Building Code. These codes contain requirements for insulation to achieve an interior noise level of 45 dBA, as well as to reduce energy consumption. This insulation will ensure achievement of environmental goals and reduce the long range cost of housing, but increase the initial cost of each unit to the consumer. UBC also addresses unique problems of older structures with structural and seismic hazards. The UBC will satisfy the intent of California Senate Bill 547. All substandard structures will be subject to this code upon granting of other construction permits. The majority of the unreinforced masonry structures are commercial, although there are some residential masonry structures.

The City of South Gate enforces its codes on a complaint basis. Depending upon the suspected code violation, the planning division or building department would investigate and seek correction of any violation. This process is done through either a personal conversation by telephone or in person and/or letter of compliance. If compliance is not obtained in this manner, after a series of attempts, the matter will be referred to the City Attorney's office for action.

On-site and Off-site Improvements

As a part of the development review process, the City can require the provision of on- and off-site improvements, such as streets, sidewalks, alleys, utility undergrounding, street lights, or landscaping. The decision to require such improvements is part of the discretionary review involved with subdivision or development review permit processing, and may increase the cost of development. As infrastructure within the City currently exists, and constraints are limited to minor repairs, on-site and off-site improvements are not considered significant constraints.

Fees and Exactions

The City charges fees to offset the costs associated with permit processing. Table 25 contains the planning fees currently in effect for South Gate. The City should work with developers and local property owners to create assessment districts and Mello-Roos districts to amortize infrastructure costs of larger developments over a longer time period, thus reducing the impact on the housing cost.

Table 26 compares South Gate City development fees to those of other jurisdictions in the area. South Gate's fees are not significantly different from those of other jurisdictions. However, in addition to standard processing fees, the City charges the following fees for various residential developments. Not all fees are appropriate or would be levied for all residential developments.

TABLE 25
COMMUNITY DEVELOPMENT FEES
EFFECTIVE OCTOBER 28, 1991
RESOLUTION NO. 5028

Conditional Use Permit	\$1,448
Variance	
Residential	\$500
All Others	\$1,550
Zone Change	\$2,610
Lot Line Adjustment	\$1,670
Parcel Map	\$2,490
Tract Map	\$2,675
Unclassified Use Permit	\$2,350
Site Plan Review	\$3,500
Site Plan Waiver	\$1,060
Street and Alley Vacations	\$1,395
Amendments to:	
Site Plan	\$2,420
Conditional Use Permit	\$618
Unclassified Use Permit	\$1,235
General Plan	\$3,685
Environmental Review	
Residential (up to 4 units)	\$150
All Others	\$350

TABLE 26
DEVELOPMENT FEES OF SURROUNDING COMMUNITIES, 1992

Type of Application	South Gate	Bell	Bell Gardens	Cudahy	Downey	Huntington Park	Lynwood	Paramount
Zone Change	\$2,610	N/A	\$295	\$1,500	\$815	\$1,000	\$1,125	\$800
Variance	\$500 - Residential \$1,500 - All Others	\$450 - Major \$150 - Minor	\$206	\$700	\$220 - Residential \$525 - All Others	\$600	\$950	\$500
Conditional Use Permit	\$1,448	\$450	\$206	\$700	\$600	\$600	\$1,550	\$500
Unclassified Use Permit	\$2,350	N/A	N/A	N/A	N/A	N/A	N/A	\$500
Parcel Map	\$2,490	\$300	\$25 Plus \$3 per lot	\$700	\$525	\$700 Plus \$50 per lot	\$366 Plus \$25 per lot	\$325
Tract Map	\$2,675	\$300	\$50 Plus \$8 per lot	\$1,500	\$660	\$700 Plus \$50 per lot	\$1,550	\$625
Lot Line Adjustment	\$1,670	N/A	N/A	N/A	\$260	N/A	\$125	N/A
Site Plan Review	\$3,500	\$350 - Major \$50 - Minor	\$25	\$300	\$400	\$550 - Major \$100 - Minor	\$500 - Residential \$1,050 - All Others	\$450
Environmental Review	\$150 - up to 4 units \$350 - All Others	\$150	\$50	\$75 - Residential \$150 - All Others	\$160	\$200	\$125	N/A

Processing and Permit Procedures

Local governments can discourage residential construction by increasing the time and uncertainty involved in gaining development approval to the point that the costs of processing (including carrying costs on the property) make the project uneconomical, or the complexity and length of the process discourages all but the most motivated of developers. In addition, for residential development, permits may be necessary from a variety of departments. However, processing time for residential projects in the City of South Gate averages 2 to 6 months. The actual review time is dependent on the size and location of the project and whether it is designed to meet City standards or involves requests for variances from development standards.

Review of the environmental impacts of proposed development under the California Environmental Quality Act (CEQA), as amended, can also increase the time and cost of processing development applications. If a full EIR is required, the processing time can range from 6 months to 1 year. However, in South Gate, most housing development proposals involve small projects which do not require extensive environmental analysis.

The net effect of codes, land use planning, processing fees, and time do not pose a constraint to development. However, a "one-stop" processing counter and ombudsman would decrease builders' frustration and confusion.

INFRASTRUCTURE CONSTRAINTS

The Infrastructure Element of South Gate's 1986 General Plan Update has identified that a majority of the water and sewer lines are over fifty years old and need upgrading or replacement to meet future demands. Portions of the existing water and sewer system are operating at or near design capacity due to the development that has taken place from the time of their initial construction to the present. Although the General Plan provides for a nominal increase in population, which may not have a significant impact on the existing water supply and sewage transmission systems, a continuation of the current trend of overcrowding combined with the addition 898 housing units as required by the 1988 RHNA will have a significant and detrimental effect on the existing water supply/distribution system and the sewage transmission system.

The Infrastructure Element provides for the upgrading of the water and sewer systems, as needed, and the policies were based on existing capital improvement plans or recommendations of specific studies. Unfortunately, due to the lack of updated base data, the Public Works Department has not been able to develop an adequate capital improvement plan. In order to address this issue, the City of South Gate has purchased a computerized masterplanning system to allow the Public Works Department to compile the base data for the existing water, sewer and storm drain systems. Once the data has been compiled, a detailed capital improvements plan will be developed.

Since the City we look towards facilitating the development of additional housing units and increased densities, the capital improvements plan will consider the upgrading of the infrastructure system in order to accommodate the City's population growth.

NONGOVERNMENTAL CONSTRAINTS

The housing market of South Gate is part of the larger housing market for the Los Angeles region. To some extent, it is affected by regional trends. For example, the growth control movements in outlying areas of Los Angeles, as well as Orange and Riverside counties, may make new development more difficult with the result that in-fill in South Gate becomes more attractive. This section discusses the components of the housing market that can act to discourage construction of affordable housing, although many of these factors are beyond the control of local government.

Availability of Financing

Loans for purchase of a new home have ranged from 9 percent (for an adjustable rate loan) to 12 percent for a fixed rate loan with a 30-year term. Interest rates charged for construction loans average 10 to 12 percent. This represents an increase of 1 to 1-1/2 percent over the rates in effect a year ago. Nonetheless, these interest rates are almost 30 percent less than the rates in effect at the time that the last housing element was adopted. In other words, interest rates fluctuate with the local and national economy. A 1 percent interest rate increase causes the monthly payment for the average house in South Gate to increase by \$140, and the monthly payment for the average condominium to increase by \$95. This reduces the number of households who can qualify to purchase a home in the city. Likewise, an interest rate increase in construction financing costs translates into higher rents that must be charged to recover the cost. If the resulting development will be too expensive to sell, the owner may elect not to proceed until interest rates drop or a subsidy can be found.

Financing for residential development in South Gate is available, and demand is strong enough to continue construction rates much as they have been over the past 4 years. However, continued interest rate increases will eventually cause a construction slowdown, similar to that experienced in the early 1980's when interest rates reached 15 to 18 percent.

There are no indications that any area of the community experiences difficulty securing financing to develop, purchase, or expand existing housing. Privately financed home improvements and additions, as well as in-fill development, are occurring throughout the older neighborhoods.

Price of Land

The proportion of housing cost attributable to land costs will vary depending on the location of the property and how long it has been in the developer's hands. Land in some areas costs more than land in other areas. The average per-unit cost of land in the single-family zone area is approximately \$38,885. The cost per-unit in the multi-family zoned areas is about one-half of the single-family cost.

Cost of Construction

Construction costs also vary according to the type of development. Multi-family housing is generally less expensive per unit to construct than single-family housing. However, there is a wide variation within each construction type depending on the size of the unit and the number and quality of amenities offered. This includes such obvious items as fireplaces, swimming pools, and tennis courts, as well as the less obvious decisions on the grade of carpeting and tiles used, types of appliances and light fixtures, and the quality of cabinetry and woodwork. According to the Construction Industry Research Board, construction cost per square foot for a single-family home is approximately \$55.

A recent statewide review of the cost components of construction projects indicated that land costs represent approximately 25 percent of the total project cost, with the cost per unit decreasing as density increases. Construction costs are more constant, representing approximately 35 to 40 percent of the cost of development.

Manufactured housing (including both mobile homes and modular housing) is less expensive than conventional stick-built housing. However, even within this type of construction, there is a wide range of prices, depending on the size and finish of the units. In 1986, the Golden State Mobile home Owners League indicated that the cost of a new coach ranged from \$35 to \$65 per square foot. This does not include the cost of land, infrastructure, required permits, or improvements.

Material costs and availability have not been a problem for developers in recent years in Southern California. However, changes in local regulations may create shortages in some materials which will delay completion and increase cost for individual projects. For example, the recent concern about the overloading of the sewage treatment plant has caused many jurisdictions to require low-volume flush toilets in new development or rehabilitation. These fixtures were not a standard requirement just a couple of years ago, and some developers in other areas have reported delays in getting the fixtures needed to complete their projects. Overall, however, material shortages are not expected to constrain housing development.

Since South Gate is primarily designated for low density residential use, housing construction costs are higher per unit than if the City was designated for higher density use. As such, these costs may increase both the rental and purchasing costs for prospective occupants. The higher costs may prevent lower income households from acquiring the units, thus continuing the cycle of overcrowding or inhibiting their ability to gain entrance to the housing market.

SECTION 4

SUMMARY OF HOUSING NEEDS

Sections 2 and 3 analyze the existing housing stock adequacy, housing production constraints, and the resident's demand. When matching needs and resources, it is apparent that the present housing stock does not meet all the needs of its users. Several housing needs are identified that, if addressed, would improve housing adequacy and better serve the residents. These needs may be classified into nine main issues: (1) housing production, (2) the need for affordable housing, (3) the need for special groups housing, (4) the need for housing assistance, (5) the need to conserve existing housing stock, (6) the lack of vacant land, (7) the unavailability of adequate infrastructure, (8) balancing housing goals with other City goals, and (9) encouraging citizen participation.

HOUSING PRODUCTION

There is a need to develop new housing on sites suitable for residential use in order to accommodate a growing population and ensure a choice of housing types and prices to meet the needs of all segments of the community. Based on the 1988 Regional Housing Needs Assessment (RHNA) prepared by SCAG, a total of 898 units need to be added to the City's housing stock by 1994. This would represent a 3.8 percent increase in the existing housing stock. Due to South Gate's infrastructure capacity and availability of suitable sites, meeting this need may be difficult unless the City initiates rezoning of non-residential areas to residential zoning classifications and/or rezoning low density residential areas to a higher residential density, to accommodate the additional units.

AFFORDABLE HOUSING

The need for affordable housing stems from the large number of households that are considered to be overpaying for housing. Since South Gate is a lower income community, market rate housing could be expensive for most households. Affordable housing may be made available by recycling, construction, and housing payment assistance.

SPECIAL GROUPS HOUSING NEEDS

It is in the interest of South Gate to explore funding programs and encourage the development of special needs housing because of three conditions. First, the City of South Gate has been experiencing a large population increase that exceeds the increase in housing stock. Second, overcrowding occurs as a result of large households which cannot afford any larger unit crowding into small housing units or doubling up with other households. Third, the elderly population, the handicapped, and the homeless have housing needs that are not ordinarily met by the market.

HOUSING ASSISTANCE

Some households will need special assistance to continue to reside in South Gate. This includes both low income households and those with special housing requirements. The 1988 RHNA estimates that there are 4,947 lower income households who are paying more than they can afford for housing in South Gate. Approximately 29 percent of these are renters. In addition, according to approximately 100 to 250 homeless people are expected to need assistance each year over the next 5 years.

EXISTING HOUSING CONSERVATION

The City has to ensure the preservation of older housing units to avoid displacement of existing residents and the loss of affordable housing. Nineteen percent of the existing stock is over 40 years old, a time when the need for rehabilitation and repair becomes apparent. Older units are usually less expensive, therefore, they usually constitute the majority of affordable housing. Based on the City's Housing Assistance Plan, there are 3,831 substandard units in the City. Of these, 3,189 are considered suitable for rehabilitation and 642 should be replaced.

The single-family neighborhood characteristic must also be conserved. Existing infrastructure capacity, such as sewer, storm drain, on-street parking, and schools, were designed and constructed for single-family residential use. Placing large scale, multiple-family units in neighborhoods with single-family residential units will strain infrastructure service.

VACANT LAND AVAILABILITY

One physical constraint to the development of housing in South Gate is the lack of vacant land. With the City largely built out, most new construction involves the recycling of older, lower density structures to higher intensity uses. New units are built following the demolition of existing units or structures. This may be an exchange between affordable housing and more expensive units, which would increase the number of overcrowded households. However, without new construction or recycling, housing for the future population would not be available unless the City analyzes alternative methods, such as rezoning.

INFRASTRUCTURE AVAILABILITY

While additional units are desirable, an increase in the City's housing stock is not considered favorable because the existing infrastructure is not capable of handling additional demands. Streets, schools, water, and sewer services are operating at or beyond capacity. Significant new construction would generally degrade the livability of residential neighborhoods. The unavailability of adequate infrastructure and utilities limits the development of housing. Therefore, the City needs to develop a detailed capital improvements plan to upgrade the existing infrastructure in order to accommodate additional housing units.

BALANCE HOUSING GOALS WITH OTHER CITY GOALS

The City of South Gate has goals, in addition to its housing goals, such as the desire to protect and enhance environmental and historic resources and enhance and maintain existing levels of service for utilities and public services. Programs undertaken in pursuit of these goals may affect the City's ability to meet its housing goals.

CITIZEN PARTICIPATION

The City of South Gate encourages public participation in the decision making process. There is a particular need to ensure that residents are consulted about programs and policies which affect their homes and neighborhoods.

SECTION 5

ASSISTED HOUSING PRESERVATION ANALYSIS AND PROGRAMS

The purpose of this section is to analyze and provide programs for preserving assisted housing in the City of South Gate. This section is intended to comply with California Government Code Section 65583, which requires jurisdictions to evaluate the potential for low-income housing multi-family rental projects to convert to non-low-income housing and to propose programs to preserve or replace those units.

HCD REQUIREMENTS

Consistent with State requirements, this section includes the following parts:

1. An inventory of restricted low-income multi-family rental housing projects in the City and their potential for conversion;
2. An analysis of the costs of preserving and/or replacing the units at risk;
3. An analysis of the organizational and financial resources available for preserving and/or replacing the units at risk;
4. Quantified objectives for the number of at-risk units to be preserved; and
5. Programs for preserving the at-risk units.

INVENTORY OF UNITS AT RISK

This section identifies the low-income multi-family rental units at risk of converting to non-low-income units during the next ten years and evaluates the likelihood of conversion.

This inventory includes all multi-family rental units which are assisted under a variety of federal, state, and/or local programs, including HUD programs, State and local bond programs, redevelopment programs, and local in-lieu fee, inclusionary, density bonus, or direct assistance programs. The inventoried units are those eligible to change to non-low-income housing uses due to termination of subsidy contract or expiring use restrictions. The inventory was compiled through interviews with City staff, the County Housing Authority, and review of the 1991 "Inventory of Federally Subsidized Low-Income Rental Units at Risk of Conversion" (California Housing Partnership Corporation), and The Use of Housing Revenues Bonds Proceeds - 1991" (California Debt Advisory Commission).

Description of Units at Risk

Within the City of South Gate, there are two (2) government-assisted low income projects, Pennsylvania Square and Pine Place. Table 25 shows the name, location, type of government assistance, type of affordability controls, and other pertinent information about these projects.

The Pennsylvania Square Project consists of a total of 75, 1 bedroom units of approximately 600 square feet, all occupied by senior citizens. The project agreement was executed on August 31, 1979 and is financed by a Federal 221(D)(4) 40 year mortgage.

Pine Place consists of 22 units occupied by senior citizens. These units are comprised of the following mix: 1 manager's unit/852 square feet; 15 - 1 bedroom units/595 square feet; 2 handicapped units/678 square feet; and 4 efficiency units/461 square feet. This project was officially approved for occupancy on January 1, 1986.

As shown in Table 27, there are 15 locally subsidized units at-risk since the South Gate Redevelopment Agency put redevelopment funds into the Pine Place project. Additionally, the project also houses 3 County Section 8 Certificate holders for a total of 18 subsidized units. However, the City has not issued mortgage revenue bonds, has not approved any density bonuses with financial assistance, does not have an in-lieu fee program, and has not assisted multifamily rental housing with CDBG, (see Attachment A). In addition, staff asked HCD staff to check CDAC's 1991 Interim Summary: The Use of Housing Revenue Bond Proceeds to determine if the County Housing Authority had listed a South Gate related project, but none were found.

TABLE 27
ASSISTED HOUSING INVENTORY

Project Name, Address	Owner: Name, Address, Telephone Number	Types of Gov't Assistance	Number of Section 8 Contracts	Type/ Length of Afford. Controls	Earliest Potential Conversion Dates	Number of Units	Tenant Type	Bedroom Mix	Date Built	Condition
Pennsylvania Square - 3170 Southern Avenue, South Gate, CA. 90280 Linda Woods (Manager) (213) 566-5082 Lynn Gates (Supervisor) (714) 540-3711	Purchased in 1988 by 15 General Partners. Benjamin Leeds (Managing General Partner) Leeds Brokerage - 3120 Sepulveda Blvd. L.A., CA. 90025 (310) 478-1158	221(D)(4) Section 8	75	40 years	8/31/89 8/31/94	75	Elderly	1 Bedrooms	1979	Fair
Pine Place 2651 Pine Place South Gate, CA. 90280 Diane Salazar (Manager) (213) 588-1672	SHB Financial Corp. Sy & Helen Braverman 4640 Lankersheim Blvd. #204 North Hollywood CA. 91602 (818) 763-0810	Redevelopment Funds Section 8	15		2/26/91 9/1/94 7/8/91 7/6/95	22	Elderly	1 Manager 15 - 1 Bedrooms 2 Handicap 4 Efficiency	1985	Good

Conversion Potential

The likelihood that the "at risk" units will convert to non-low income housing is minimal even if subsidies are discontinued. This is due to local restrictions placed on the projects and comparable rents available. Pennsylvania Square contracts directly with HUD for its supply of 75 Section 8 Certificates. Pine Place's 15 Section 8 Certificates are under the management of the South Gate Public Housing Authority and 3 are contracted with the County. Under the Section 8 certificate program HUD pays owners the difference between what tenants can pay (defined as 30 percent of household income) and what HUD estimates to be Fair Market Rent on the unit.

After the expiration of the ten year time period during which project owners are obligated to keep the units subject to Section 8 contracts, project owners may "opt-out" of the Section 8 Program. The Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) does not regulate the loss of Section 8 units or of local restrictions. Additionally, since these projects are not subject to LIHPRHA, they are therefore not subject to a prepayment option by the owner.

Since these projects contain Section 8 units, they are subject to the "opt-out" provision. Pennsylvania Square was eligible to convert to non-low income housing in 1989. However, the required 1 year advance Notice of Intent was not received by HUD from the owner, therefore Section 8 assistance has been automatically renewed for an additional 5 years to 1994. In Pine Place, in the second 5 year period, 3 units will be initially eligible to convert in 1996, 6 units in 1999, and beyond that 1 unit in 2000 and 5 units in 2001. The 3 initial units will have a second opportunity to convert in 2001.

The second possible conversion date for Pennsylvania Square will occur on August 31, 1994, therefore, if the owner of the project does not file a Notice of Intent to "opt-out" of the Section 8 contract one year in advance (by August 31, 1993) the contract will be automatically renewed through August 31, 1999.

Additionally, because Pennsylvania Square and Pine Place were allocated reduced parking standards by the City, if the project owners convert to non low income/market rate units, Pennsylvania Square would then be required to produce an additional 40 parking spaces for a total of 78. Pine Place had a requirement of only 6 parking spaces and would be required to produce approximately 42 additional parking spaces if conversion occurs. However, by signing the Disposition and Development Agreement (DDA) with the City of South Gate's Redevelopment Agency, Pine Place has committed to maintaining low income units. In fact, as tangible evidence of their commitment, the property owners are currently subsidizing a market rate unit for a low income tenant at the rate of \$405 a month.

However, conversion is unlikely in either project since Pennsylvania Square and Pine Place are located in a low-income census tracts in South Gate, a very low to moderate income City. The allowable fair market rents from HUD are comparable, (\$683. for a 1-bedroom), and may even exceed, the market rate rent that the owner could receive in South Gate. The current rents for Pennsylvania Square range from a low of \$1 to a high of \$576 and Pine Place contract rents range from a low of \$525 to a high of \$669 with subsidies paid ranging from \$312 to \$515.

Therefore, due to local restrictions (parking standards), the DDA for Pine Place restrictions, and the comparable rents which the owners are obtaining, it is not likely that these projects will convert even if Section 8 subsidies are not continued by HUD. Although it does appear that the City would have to replace some subsidies if the Section 8 program did not continue if the same low income tenants are to be served.

COST ANALYSIS

The following discussion examines both the cost of preserving the units at risk and the cost of producing new rental housing comparable in size and rent levels to replace the units which could convert. The discussion also includes a comparison of these respective costs.

Preservation Costs

The following is a comparative analysis of the costs involved in preserving the units at risk during the ten year analysis period, and the cost to replace the same at-risk units in comparable size and rent levels. The purpose of this analysis is to compare the cost of options available to a community faced with a potential conversion problem, and to determine the level of local subsidies required to assist in preservation efforts. The cost analysis will enable the City to use a "bottom line" approach as programs are developed and available resources targeted to preserve units at risk of conversion.

The preservation cost analysis involves the acquisition of at-risk projects in addition to some minimal amount of rehabilitation, maintenance, and the retention of current rent levels for tenants. Based upon a discussion with the owner and a local developer that specializes in developing senior citizen low income multi-family housing, it is estimated that the per unit market value for Pennsylvania Square is approximately \$46,666. These values take into consideration the fact that the project is fairly maintained, has had some history of leaking roof problems and is only 13 years old. The estimated market value of the project as a whole is \$3,500,000.

The estimated per unit value for Pine Place is approximately \$60,000. These values take into consideration that the project is well maintained and is only six years old. Pine Place's estimated market value in the current soft market is approximately \$1,320,000.

The condition, age and maintenance record of housing play a major role in rehabilitation and maintenance costs. Although Pennsylvania Square is only 13 years old, it was built with a flat roof that has caused a history of leaking. With the exception of the costs associated with repairing the roof in 1988 at a cost of \$96,000, the project's maintenance record is unknown. However, the annual amount spent for all maintenance is known to be approximately \$58,000. Pine Place is only six years old with no history of major maintenance problems. The 1991 annual maintenance cost was approximately \$50,623 which included operating maintenance of \$10,558, employee payroll of \$6,819, administrative costs of \$11,256, utility costs of \$6,921 and taxes/insurance costs of \$15,068.

Since the accepted standard for major rehabilitation is 30 years or more, based upon this standard, it is unlikely that any other major rehabilitation would be required in the next 10 years. Thus, near term rehabilitation costs are considered negligible.

TABLE 28
UNITS AT RISK PRESERVATION COSTS

Project Name	Cost Category	Costs
Pennsylvania Square	Downpayment	\$700,000
	Annual Maintenance	\$58,000
	Annual Mortgage Payments (excluding insurance, etc.)	\$294,864
	ANNUAL TOTAL	\$1,052,864
Pine Place	Downpayment	\$264,000
	Annual Maintenance	\$50,000
	Annual Mortgage Payments (excluding insurance, etc.)	\$111,206
	ANNUAL TOTAL	\$425,206

Since Pennsylvania Square is not subject to LIHPRHA, it is not eligible for special mortgage insurance or a low down payment. Therefore, the typical loan to value ratio of 80 percent would probably be required with a 20 percent downpayment of \$700,000. Monthly mortgage payments of \$24,572, excluding insurance and taxes, have been determined utilizing a 10 percent interest rate with a 30 year term. Annual maintenance costs are from the property management firm as reported in their Annual Audit Report.

Pine Place is also not subject to LIHPRHA, therefore it also is not eligible for special mortgage insurance or a low downpayment. The 80 percent loan to value ratio would also apply with a 20 percent downpayment of \$264,000. Monthly mortgage payments of \$9,267.16, excluding insurance and taxes, have been determined utilizing a 10 percent interest rate with a 30 year term. Annual maintenance costs are estimated at \$50,000.

The estimated acquisition cost of Pennsylvania Square is \$3,500,000. As of July 1992, the current and estimated future annual public subsidy is \$334,291. This represents an average annual per unit subsidy of \$4,457.21 and a total subsidy of \$1,170,019 covering the last 3.5 years (from 1/1/96 to 7/1/99) of the second five year period, if HUD subsidies are not continued through 1999. Therefore to cover the 3.5 years from 1996 to 1999, the total amount required for the 75 Section 8 units in Pennsylvania Square is \$3,105,043. This amount includes a downpayment of \$700,000, mortgage payments for acquisition of \$1,032,024, the payment of rental subsidies totaling \$1,170,019, and maintenance costs of \$203,000.

The estimated acquisition cost of Pine Place is \$1,320,000 per a discussion of a financial report recently prepared by one of the owners. As of July 1992, the current and estimated future annual public subsidy for the 15 PHA administered units is \$74,928. The annual subsidy for the 3 County administered units is \$16,080 and the annual amount being subsidized by the owners is \$4860. The total subsidy represented by these 19 units is

\$95,868. This represents an average annual per unit subsidy of \$5,045 and a total subsidy of \$335,538 covering the last 3.5 years (from 1/1/96 to 7/1/99) of the second five year period if HUD subsidies are not continued through 1999. Therefore, to cover the 3.5 years from 1996 to 1999, the total funds required for the 15 PHA administered Section 8 units and the 3 County administered Section 8 units in Pine Place is \$1,163,758. This amount includes a downpayment of \$264,000, acquisition mortgage payments of \$389,220, the payment of rental subsidies totaling \$335,538 and maintenance costs of \$175,000.

Replacement Costs

In order to estimate the cost of replacing the units at risk, various private developers were contacted regarding the cost of developing new units in and around the City of South Gate.

The replacement cost analysis attempts to approximate costs of rebuilding units under current building prices and conditions, which are comparable in size to the units at risk of conversion. Comparability also entails any subsidies required to maintain current tenants' rent levels. The cost of developing new housing depends upon a variety of factors such as density, size of units, location and related land costs, and type of construction. In general, the land costs in California are quite high.

Based upon discussions with the owner and a local developer with expertise in developing senior citizen housing in the area, along with the subsequent analysis done, the estimated cost of replacing the Pennsylvania Square at-risk units is approximately \$5.0 million and approximately \$1.3 million for Pine Place.

TABLE 29
UNITS AT RISK REPLACEMENT COSTS

Project Name	Costs Category	Approximate Costs Per Unit
Pennsylvania Square	Land Costs ($\$25/\text{sq. ft.} \times 68,850 \text{ sq. ft.} \div 75$)	\$22,950
	Construction Costs ($\$55/\text{sq. ft.} \times 600 \text{ sq. ft.}$)	\$33,000
	Other Costs (Financing, Architectural, On & Off Site Improvements) ($25\% \times \$46,666$)	\$11,667
	Unit Cost Subtotal	\$67,617 x 75 Units
	TOTAL REPLACEMENT COSTS	\$5,071,275
Pine Place	Land Costs ($\$25/\text{sq. ft.} \times 16,500 \text{ sq. ft.} \div 22$)	\$18,750
	Construction Costs (1)($\$55/\text{sq. ft.} \times 852 \text{ sq. ft.}$) (15)($\$55/\text{sq. ft.} \times 595 \text{ sq. ft.}$) (2)($\$55/\text{sq. ft.} \times 678 \text{ sq. ft.}$) (4)($\$55/\text{sq. ft.} \times 461 \text{ sq. ft.}$)	\$46,860 \$32,725 \$37,390 \$25,355
	Other Costs (Financing, Architectural, On & Off Site Improvements) ($25\% \times \$40,000$)	\$10,000
	Unit Cost Subtotal	\$61,201 x 22 Units
	TOTAL REPLACEMENT COSTS	\$1,346,422

The difference between replacement and preservation represents a significant additional expense in the case of Pennsylvania Square and to a lesser degree in Pine Place. Subsequent subsidy funds might also be needed, and therefore would add to the total amount required to mitigate the loss of affordable units.

RESOURCES FOR PRESERVATION

The types of resources available for preserving units at risk fall into two categories: a) entities with the interest and ability to purchase and/or manage units at risk, and b) financial resources available to purchase existing units or develop replacement units. This section examines these two types of resources for the City of South Gate.

Public Agencies and Nonprofit Corporations

Two non-profits, the Civic Center Barrio Housing Corporation and the Western Developments for Affordable Housing, Inc. have been contacted by staff and have expressed interest in purchasing and managing at-risk low income housing projects in South Gate.

During a discussion with Ms. Helen Brown, Director of the Civic Center Barrio Housing Corporation, (714) 835-0406, she mentioned the following facts about the corporation. It is a private, public benefit non-profit low income housing developer and property manager that has been operating in Orange County for 17 years. They currently own and operate 62 units in Santa Ana and 28 units in Chula Vista. They are planning to develop more units in Palmdale in 1993. Barrio Corporation has expressed a strong interest in purchasing and managing units at risk in South Gate.

The Director of Western Developments for Affordable Housing, Inc., (714) 730-3493 , Ms. Barbara Resnick indicated that their 501(C)(3) non-profit is organized for the purpose of developing and managing low income housing and specializes in housing for the elderly. Their board members have extensive experience in low-income housing. They own and manage a total of 173 senior housing units, of which 100 are located in the City of Orange and 73 are located in Florence in the State of Oregon. Western Developments has also expressed a strong interest in purchasing and managing units at risk in South Gate.

Additionally for future use, the list of entities in Los Angeles County and other areas that are interested in the Right of First Refusal Program are as follows:

Inglewood Housing Authority	Art Waller	(213) 412-5221
Korean Youth Center	B. H. Kim	(213) 383-5218
Skid Row Housing Trust	Candy Rupp	(213) 683-0522
Pasadena Housing Alliance	David Foster	(818) 568-9422
Pomona C.D. Dept. of Housing	Duane Solomo	(714) 620-2368
Foundation for Social Resources	G. Devorros	(213) 475-2227
Twelve Pack Enterprises	Galen Goben	(818) 440-0969
Comm. Corp of Santa Monica	Guy Devorrus	(213) 398-8487
Concerned Citizens/Central L.A.	Juanita Tate	(213) 231-9371
Home Aid	Judith Lenthall	(714) 396-9993
S. Calif. Presbyterian Homes	Marc Herrera	(818) 247-0420
Inglewood Neighborhood Hous.Serv.	Martin Guilfoil	(213) 674-3756
Comm. Devel. Commission	Milton Patterson	(213) 260-2081
West Hollywood Comm. Hous. Corp.	Paul Zimmerman	(213) 650-8771
Fame Housing Corp.	Peggy Hill	(213) 737-0897
Ralph F. Carrico	Ralph F. Carrico	(619) 389-2413
Legal Aid Foundation of L.A.	Robert Longoria	(213) 266-6550
Los Angeles Comm. Design Center	Robin Hughes	(213) 629-2702
Curry Temple Comm. Dev. Corp.	William Johnson	(213) 632-8104
Don Lee Housing	Don Castern	(209) 924-5679
Midway Mortgage Corp.	Eugene Conard	(616) 695-6043
The CBM Group, Inc.	John Hoyle	(916) 823-5206
Retirement Housing Foundation	Laverne Joseph	(213) 437-4330
Commission on Human Concerns	Lee Riggan	(805) 486-4725
Real Estate Dev. Services	Peter Herzog	(209) 292-3373
Housing for Independent People	Thom McCue	(408) 283-2200

Public Financing/Subsidy Resources

Due both to the high cost of purchasing and developing housing and the limitations on use of funds, financing for preserving, replacing, and/or maintaining units at risk will likely have to include multiple sources. The following funding sources have been identified for use in purchasing the units at risk in South Gate. New funding sources may become available over time and the following discussion does not represent an exhaustive inventory of funding sources.

- I. HUD Funds: Subject to appropriations, HUD will provide most and in some cases all of the financial incentives necessary for acquisition of federally subsidized, at-risk projects by non-profit organizations, tenants, and local governments. These incentives include the following:
 1. Project-based Section 8 contracts, with HUD subsidized rents set at levels high enough to provide an 8 percent return to owners who retain the project or to cover debt service on an acquisition loan for new purchasers;

2. Through the federally funded Community Development Block Grant (CDBG) program, HUD provides grants and loans to local governments for funding a wide range of community development activities. The City of South Gate receives an annual allocation of approximately \$1.5 million. Due to the fact that CDBG funds are subject to Davis-Bacon Wage Act, they are not used for new construction but may be used for acquisition of land. Currently, the city's allocation is reserved for other functions, but it may be possible, if necessary, to redirect a portion for acquisition purposes.
- II. **Redevelopment Set-Aside: California Redevelopment Law (Section 33334.2)** requires redevelopment agencies to set aside at least 20 percent of tax increment revenues for preserving, increasing and improving the community's supply of low and moderate income housing, unless certain findings are made to exempt a project from the requirement. The Redevelopment Agency of the City of South Gate has made the specific finding that the community is making a substantial effort to meet its existing and projected housing needs. However, as of July 1, 1993, this finding will no longer be effective and the Agency must then follow the mandate to deposit 20% of tax increment directly into a Low-Mod Income Housing Fund. It is estimated that the Agency's annual tax increment income will be approximately \$2,764,000 at the end of FY 93-94 due to a loss of approximately \$500,000 to the State. Therefore, 20% or an approximate annual total of \$552,000 will be received in 6 payments per year occurring in October, December, January, April, May, and June, and will be deposited in the low-mod income housing fund. As of 7/1/1996, a 3 year total of \$1,658,400 may be available to purchase or subsidize these low-income housing project.
 - III. **Housing Authority Reserves:** Another potential source of funding is South Gate's local Housing Authority reserves. The local PHA has approximately \$300,000 in unencumbered funds that are available for any housing purpose with the concurrence of the PHA Board of Commissioners.
 - IV. **Rental Rehab Funds:** The left-over rental rehab operating funds that have been paid back to the Housing Authority may be used for other housing purposes. The City of South Gate currently has approximately \$60,000 that might be used for some housing purpose. This resource has also been mentioned in the City's CHAS.

Administrative Resources

As previously mentioned, two non-profits, Civic Center Barrio Corp. and Western Developments for Affordable Housing, Inc. are interested in purchasing and managing the units at risk in South Gate. Non-profit ownership would ensure the future availability of purchased units as low income housing.

QUANTIFIED OBJECTIVES

There are a total of 93 units in the City of South Gate that will be eligible to "opt-out" during the 1989-1999 period. At this point, it is possible that the resources necessary to preserve these units will be available due to the State legislators' decision to remove tax increment funds and other funds from the Agency and City in order to balance the State budget.

If funds are available and if necessary, it is the objective of the City that all 93 federally assisted housing units that are eligible for conversion to non-low income housing be preserved during the second five year Housing Element update period that begins on 7/1/94 through to the end of the ten year period ending 7/1/99.

PROGRAMS FOR PRESERVATION

All of the units at risk in the City of South Gate are subject to the Section 8 opt-out provision and non-payment of subsidies by HUD during the second five year period. The following policy and programs have been formulated with this in mind.

Policies

1. Attempt to preserve restricted low income housing in the City that is at risk of converting to non low income housing by:
 - a. identifying financial and organizational resources available to preserve these units;
 - b. assisting interested agencies and/or tenant groups in forming partnerships and gaining access to financial and technical assistance resources; and
 - c. maintaining local restrictions on parking as incentives not to convert federally assisted housing projects.

Programs

1. Monitor and support any federal, state or local initiatives that address the preservation problem. (Support state or national legislation that addresses at-risk projects and support full funding of programs that provide resources for preservation activities).
Timeframe: Ongoing
Responsible Department: Community Development
Funding Source: Redevelopment Set-Aside & CDBG
2. Monitor Units at Risk: Keep in regular contact with the Managing General Partner of the 15 General Partnership owners of Pennsylvania Square and the owners of Pine Place.
Timeframe: Ongoing
Responsible Department: Community Development
Funding Source: Redevelopment Set-Aside & CDBG funds, as available.

3. **Tenant Education:** Work with tenants of the at-risk project to explore possible rent subsidies and act as a liaison between tenants and non-profits potentially involved in constructing or acquiring replacement housing.
Timeframe: At 1/1/93 or the time a Notice of Intent is received from owner
Responsible Department: Community Development
Funding Source: Redevelopment Set-Aside & CDBG as available.
4. **Reserve Fund:** Establish a reserve fund to assist priority purchasers with the downpayment cost of purchasing projects or to provide rent subsidies for at-risk projects. May utilize redevelopment set-aside or CDBG funds. If it is found that the units at risk are no longer in danger of converting, then proceeds from this fund could be used for other housing programs.
Timeframe: Begin reserve fund immediately
Responsible Department: Community Development
Funding Source: Redevelopment Set-Aside, or CDBG as available.
5. **Work with Potential Priority Purchasers:** Maintain regular contact with public and non-profit agencies interested in purchasing and/or managing units at-risk to inform them of the status of at-risk projects.
Timeframe: Ongoing
Responsible Department: Community Development
Funding Source: CDBG and Redevelopment Set-Aside, as available.

The foregoing programs represent a varied strategy by the City of South Gate to mitigate any potential loss of at-risk units due to conversion. These local efforts utilize existing City resources as well as other local resources. The programs also include efforts to secure other resources from the public and private sector, should they become available.

SECTION 6 QUANTIFIED HOUSING OBJECTIVES

This section is intended to comply with California Government Code Section 65583, which requires jurisdictions to provide a statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement, and development of housing. It is recognized that the total housing needs identified pursuant to Section 65583(a) may exceed available resources and the community's ability to satisfy this need within the content of the general plan requirements. Therefore, under these circumstances, the quantified housing objectives need not be identical to the total housing needs of the community. Thus, the quantified housing objectives shall establish the maximum number of housing units, by income category, that can be constructed, rehabilitated, and conserved over a five year time period.

SUMMARY OF EXISTING HOUSING STOCK

Table 30 below provides a summary of the City's existing housing stock, by income category.

**TABLE 30
SUMMARY OF EXISTING HOUSING STOCK**

Income Category	Number of Units
Very Low Income	7,771 - 34%
Low Income	3,598 - 16%
Moderate Income	4,934 - 21%
Above Moderate Income	5,891 - 26%
Vacancies	752 - 3%
TOTAL	22,946 - 100%

Source, 1990 Census Data

SUMMARY OF QUANTIFIED HOUSING OBJECTIVES

Based on SCAG's 1988 Regional Housing Needs Assessment, the City of South Gate is required to accommodate a total of 898 new housing units within the mandated five year planning period of 1989 - 1994. A summary of the City's Quantified Housing Objectives for the 1989 - 1994 Planning Period, by income category is provided below in Table 31.

For the 1989 - 1994 Time Period, 57 additional dwelling units have been constructed and 93 dwelling units have been rehabilitated to date. In addition, the Seville Patio Homes, a 26-unit single-family residential development on 1.7 acres, has recently been approved for construction through the City's Redevelopment Agency. The City's Redevelopment Agency has also entered into an agreement to develop the Park Homes, a 32-unit single-family residential development on 2.7 acres, and a Request for Proposals has been transmitted for the development of a senior citizen housing project on 7.14 acres with a density of at least 20 units per acre.

TABLE 31
SUMMARY OF QUANTIFIED HOUSING OBJECTIVES
1989 - 1994 PLANNING PERIOD

Income Category	Constructed	Rehabilitated	Conserved
Very Low Income	120	40	704
Low Income	167	250	0
Moderate Income	222	110	0
Above Moderate Income	389	110	0
TOTAL	898	510	704

SECTION 7
ACCOMPLISHMENTS OF THE EXISTING HOUSING ELEMENT
AND THE PROPOSED GOALS, POLICIES AND PROGRAMS

When the existing housing element was updated in 1985, it contained goals and policies on housing provision in the City. The goals called for sound housing for all persons; a wide range of housing type, price, and location; and the maintenance of existing housing. While, the policies provided the guidance for accomplishing the City's housing goals. This section is intended to provide a complete analysis of the goals and policies of the existing housing element in order to identify both the achievements and short-falls of what was planned in the existing housing element. Once the existing goals and policies have been analyzed, appropriate goals, policies and programs will be incorporated into the new housing element to reflect what was learned from the analysis.

EXPECTED ACCOMPLISHMENTS OF THE EXISTING HOUSING ELEMENT

In the 1985 Housing Element, the City adopted programs to assist in both housing rehabilitation and financial assistance to families in need. Based on the fact that very little vacant land was available, new development was expected to be accomplished in two ways: first, land developed at lower densities was to be recycled to higher densities and secondly, new residential development was to occur in areas previously restricted to commercial development. In order to accomplish the adopted programs, the City expected to achieve the following quantified objectives for the five year planning period (1984 - 1989):

- Upgrade at least 50 owner-occupied units per year through the housing rehabilitation programs, in which approximately 250 owner-occupied units were expected to benefit from the programs.
- Upgrade at least 15 rental units through the Rental Rehabilitation Housing program.
- Provide Section 8 Housing Assistance for at least 180 additional units for the period from 1984 to 1989.
- Develop at least 70 new units per year for the next five year period.

ACTUAL ACCOMPLISHMENTS OF THE EXISTING HOUSING ELEMENT

Development of New Housing Units

Since the existing housing element's adoption in 1985, 123 units were added to the City's housing stock, which is only 35 percent of the projected need (350 units) for the 5-year period (1984-1989). The development of more units has been primarily constrained by the lack of vacant land and the limited capacity of infrastructure. Thus, the projected need of 350 additional housing units, prepared the Southern California Association of Governments based on its Regional Housing Allocation Model, has been too high for South Gate due to the fact that its residential areas are already built out.



Owner-Occupied Housing Rehabilitation

Housing subsidies provided the City with the most direct housing assistance. The existing housing element anticipated 250 owner-occupied units would be involved with the housing rehabilitation programs. In actuality, 161 owner-occupied units, 65 percent of the goal, were assisted.

The City's low interest rehabilitation loan program provides loans to low income homeowners for their home rehabilitation projects. From FY 1984 to FY 1989, 25 loans were made through Security Pacific Bank for an approximate total of \$271,258. The loans ranged from approximately \$4,000 to the maximum \$25,000. The loans were primarily used for plumbing, electrical, window, and roof repairs and restucco. As of October 1990, \$50,000 remains available for additional loans.

The City's deferred loan program provides deferred loans to lower income families with specific needs and the lack of financial ability to meet standard repayment schedules. The loans were primarily used for room additions, code compliance, electrical wiring, plumbing repairs, repairing driveways, and roof maintenance. From FY 1984 to 1990 approximately \$1,666,000 worth of loans were made. As of October 1990, approximately \$275,000 is available to loan.

The grant program provides homeowners with funds on an emergency basis for the rehabilitation of hazardous health and safety conditions. More than 70 grants were made during the past 5 years for an approximate total of \$72,000. The grants range from approximately \$400 to \$2,500. As of October 1990, \$17,500 remains available to grant.

Rental Rehabilitation Housing

Through the above mentioned program, the City estimates that nine rental units were assisted.

Housing Assistance

The City participated in the Section 8 housing assistance program and assisted a total of 629 persons in the past year. When the existing housing element was adopted, 290 persons were being assisted through the Section 8 program. During the five year planning period (1984 - 1989) a total of 174 persons were added to the Section 8 program, which was only six persons less than the planned 180 persons. Since 1989, 165 persons have been added to the Section 8 program, with 25 certificates being issued in the last 12 month period.

Code Enforcement

The City's code enforcement program was responsible for 14,790 code enforcement responses from 1985 to 1989. Most violations regard property maintenance, garage conversions, and permit investigations. The City staff did not survey housing units for illegal conversions.

Public Information

South Gate continues to contract with the Foundation of Long Beach to resolve tenant/landlord conflicts or document housing discrimination. Approximately 45 to 50 persons are referred to the Foundation each month, and an additional 550 persons are assisted at outreach meetings. Regular community meetings are held throughout South Gate. Two full-time bilingual counselors are on staff. In addition, a telephone message number is available 24 hours.

KEY CONSIDERATIONS OF THE PROPOSED HOUSING ELEMENT

Upon the completion of the analysis of the expected and actual accomplishments of the existing housing element, the following findings have been made to address the key considerations of the proposed housing element:

- The City of South Gate has maintained a successful Section 8 housing assistance program through its program management and pursuit of additional funding. In order to enhance this program, the City will develop a public assistance and information program to inform the existing, as well as the potential, residents of such housing assistance programs available to them. In addition, the City will refine its program management to demonstrate the ability to manage additional funding, during its application to the U.S. Department of Housing and Urban Development.
- The City of South Gate has provided a successful housing rehabilitation program and has the financial resources to continue this program. In order to expand the housing rehabilitation assistance, the City will develop an program to inform the residents of such housing rehabilitation assistance.
- The City of South Gate has maintained a quality living environment for its residents through the property maintenance programs and residential development review process. In order to continue this accomplishment, the City will continue to refine these programs.
- The City of South Gate will develop an ordinance that will permit some of the existing transient motels to convert into residential motels in order to capture the utilization of additional housing units for low to moderate income individuals and families.
- Although the City did not accomplish its goal of developing 300 of its new residential units, the City has encouraged the recycling of underdeveloped residential properties, as well as residential developments sponsored by the City's Redevelopment Agency. In order to enable the City to accomplish its regional housing share of 898 units, the City will analyze the feasibility of rezoning the properties within the Mixed-Use Commercial/Residential land use designation of the General Plan to a zoning classification that will permit residential uses. The Mixed-Use Commercial/Residential land use designation permits up to 30 dwelling units per acre; and there are

approximately 119 acres within this land use designation, thus, in order to encourage the development of 898 additional units the City would have to rezone at least 30 acres to permit residential uses.

- Although the City does not currently offer the State-mandated density bonus of up to 25 percent for developments if they include affordable housing, the City will develop an ordinance consistent with the State Density Bonus Law in order to facilitate the development of additional housing units.
- Although the City does not currently offer the State-mandated second unit program, the City will develop an ordinance consistent with the State Second Unit Law in order to facilitate the development of additional housing units.
- In order to facilitate the development of the City's regional housing share of 898 units, the City will develop a detailed capital improvements plan to upgrade the existing water, sewer and storm drain systems.

PROPOSED GOALS, POLICIES AND PROGRAMS

With the identified housing needs and a review of the existing goals and policies, this new set of goals, policies and programs are intended to guide the City provision of adequate housing for all existing and potential residents.

GOAL 1: THE PROTECTION AND PRESERVATION OF EXISTING HOUSING TO ENSURE THAT IT CONTINUES TO MEET SOUTH GATE'S RESIDENT'S NEEDS FOR SOUND SAFE HOUSING

POLICY 1A: REQUIRE ALL PROPERTY OWNERS TO MAINTAIN THEIR PROPERTY IN A CLEAN, SAFE, AND ATTRACTIVE CONDITION IN ORDER TO PROTECT THE COMMUNITY FROM THE ADVERSE EFFECTS OF BLIGHTING CONDITIONS.

Programs:

1A1 PROPERTY MAINTENANCE ORDINANCE

Through the it's Property Maintenance Ordinance (PMO), the City will continue to require property owners to consistently maintain their property in a clean, safe, and attractive condition. The PMO includes reasonable and appropriate warning and enforcement procedures, including the power to issue citations, correct problems, and bill the owner later.

Timing: Ongoing.

1A2 CODE ENFORCEMENT

The City implements a code enforcement program to preserve and protect existing neighborhoods against the harmful effects of deterioration caused by neglect and deferred maintenance. In addition, the Property Maintenance Ordinance has been adopted to allow code enforcement personnel to resolve specific conditions regarding property maintenance, illegal garage conversions, and permit investigations. Illegal garage conversions are the most prevalent and difficult problem; one which requires effort in surveying the extent to which it exists in this and surrounding communities. The Building Department's Code Enforcement Officers will respond to public complaints and enforce the City's code. Code Enforcement Officers are expected to continue to improve and maintain the aesthetic value and character of South Gate's older neighborhoods through identification and correction of noncompliance with South Gate's zoning, fire, health, and building and safety codes.

Timing: Ongoing.

1A3 VISIBLE EXTERIOR IMPROVEMENTS

The City staff will continue to coordinate with all applicable City Departments and shall require all rehabilitation projects to include visible exterior improvements to the residential structure in an effort to promote the property maintenance program.

Timing: Ongoing.

1A4 REHABILITATION PROGRAM EDUCATION

The City staff will continue to provide information to all residents regarding available home rehabilitation programs through marketing and promotional literature. The information will be provided with the placement of literature in the public lobby of the Community Development Department.

Timing: Ongoing

1A5 "SOUTH GATE BEAUTIFICATION PROGRAM"

In cooperation with the Chamber of Commerce, the City will continue the "South Gate Beautification" program to stimulate voluntary maintenance and landscaping of residential properties and publicly recognize those property owners and renters who excel at these efforts.

Timing: Ongoing.

1A6 "COMMUNITY IMPROVEMENT PROGRAM"

In cooperation with the Chamber of Commerce, the City will continue to target areas of the City for minor community refurbishing and sponsor "Community Improvement Day". Refurbishing may include painting walls to remove graffiti, collecting litter, etc.

Timing: Ongoing.

POLICY 1B: ENCOURAGE AND ASSIST LOWER INCOME PROPERTY OWNERS TO MAINTAIN AND UPGRADE THEIR HOMES.

Programs:

1B1 OWNER OCCUPANT REHABILITATION LOANS

The City's Home Improvement Loan Program offers qualified low income owner-occupants interest subsidies with no greater than a 6 percent interest rate or deferred payment loans of up to \$36,000. In the case of deferred payment loans, the no interest note is payable when the property changes title. Residents of South Gate qualify if their annual gross household income does not exceed the income standards as published by the Department of Housing and Urban Development, and there are no more than three units built on the property.

The program is funded by the City to aid residents in securing needed housing repairs of major systems (plumbing, electrical, roofing, heating, etc.) as well as cosmetic and exterior repairs. The program is designed to affect all levels of need within the low income housing community. Benefits also accrue to residents of the non low/moderate income community by the visual upgrading of individual parcels as well as the overall improvements made to neighborhoods. It shall be the City's policy to continue and expand upon the various components of the program within the bounds of funding availability and demonstrated need.

Timing: Ongoing

1B2 RENTAL REHABILITATION LOANS

The City's Rental Rehabilitation Program is designed to maintain and improve affordable rental housing stock, and ensure that a decent, safe and sanitary living environment can be obtained for very low and low income tenant families. The program is also intended to reduce housing overcrowding.

Over the past seven years, the City has operated a HUD Rental Rehabilitation Program (Section 17) to achieve the program objectives. In this program, the City has provided up to 50 percent of the rehabilitation costs in the form of grants, low interest and deferred loans. Property owner requirements have included responsible ongoing property management, proper long term property maintenance, avoidance of housing overcrowding, and affirmative marketing techniques.

With the remaining \$130,000 in grant funds, the City will focus rental rehabilitation efforts on investor-owned single family properties and smaller rental properties which can be rehabilitated at a modest per unit cost. Wherever possible, projects which would necessitate Davis-Bacon wage compliance will be avoided due to the increased costs associated with this type of project.

The City will also attempt to rehabilitate (and, if necessary, may purchase) one or more large apartment projects using Redevelopment set-aside monies after 1993. This goal will include any existing HUD subsidized projects in the City where the owner may file an intent to convert the units. In order to preserve the units for very low and low income renters, the City would consider the purchase and rehabilitation of these properties.

Timing: Ongoing.

1B3 EMERGENCY REPAIR GRANTS

During the past five years, more than 70 grants have been issued, ranging from \$400 to \$3,500, utilizing CDBG funds on an emergency basis for the rehabilitation of hazardous health and safety conditions. The City will continue to implement an emergency repair grant program for very low income households and disabled residents to correct emergency health and safety problems (e.g. leaking roofs, broken hot water heaters, heating system repairs, broken windows or doors).

Timing: Ongoing.

1B4 NEIGHBORHOOD BEAUTIFICATION PROGRAM

The South Gate Redevelopment Agency administers a housing improvement program which provides for neighborhood improvement, residential rehabilitation and miscellaneous public improvements in targeted redevelopment areas.

Since 1988, the Neighborhood Beautification Program has utilized a total of \$929,000 to improve 89 homes at an average cost of \$3,400 per home. Homeowners who reside and occupy their single family home located in a selected target neighborhood can receive up to a \$5,000 grant for pre-approved work from authorized contractors. Current eligible exterior rehabilitation activities include miscellaneous repairs, painting and landscaping. It is proposed in future years to

provide an additional grant allocation of \$2,000 for the repair or replacement of substandard roofs, or the removal of asbestos in compliance with Rule 1403 of the Air Quality Management District.

Timing: Ongoing.

POLICY 1C: ENSURE RENTAL AND PURCHASE UNITS CONSTRUCTED WITH CITY, STATE, OR FEDERAL ASSISTANCE REMAIN AFFORDABLE FOR AT LEAST AS LONG AS THE SUBSIDY IS IN EFFECT.

Programs:

1C1 RESALE MECHANISMS

The primary way in which the City of South Gate will accomplish this goal is through mechanisms built into a deferred payment loan for first time home buyers. These mechanisms will ensure that the original home buyer, who received governmental assistance, does not obtain a windfall profit upon sale or transfer of title, but rather, that the unit(s) remain affordable. These mechanisms could include deed restrictions requiring the Redevelopment Agency to have the right of first refusal when interest subsidized homes are sold, and equity sharing between the City and the homeowner upon sale of some homes.

The City may provide a loan or a deferred second upon acquisition of home by a first time homebuyer. The seller's equity is limited to a portion of the sale proceeds and the remainder is reinvested as CRA funds to a revolving rehabilitation loan fund.

Timing: Begin program development in September 1993.

1C2 STATE AND FEDERAL PROGRAMS

In order to attempt to preserve restricted low income housing in the City at risk of converting to non low income housing, the City will; monitor and support any federal, state or local initiatives that address the preservation problem; support state or national legislation that addresses at-risk projects and support full funding of programs that provide resources for preservation activities; keep in regular contact with the owners of the existing at risk developments; work with tenants of the at-risk project to explore possible rent subsidies and act as a liaison between tenants and non-profits potentially involved in constructing or acquiring replacement housing; establish a reserve fund to assist priority purchasers with the downpayment cost of purchasing projects or to provide rent subsidies for at-risk projects. May utilize redevelopment set-aside or CDBG funds. If it is found that the units at risk are no longer in danger of converting, then proceeds from this fund could be used for other housing programs; and maintain regular contact with public and non-profit agencies interested in purchasing and/or managing units at-risk to inform them of the status of at-risk projects.

Timing: Ongoing

POLICY 1D: PROMOTE AFFORDABLE HOUSING THROUGH THE USE OF PUBLIC FUNDS FOR FINANCIAL ASSISTANCE.

Programs:

1D1 TENANT ASSISTANCE

The City of South Gate currently provides two forms of tenant assistance. The first is under the Section 8 Program and the second is the Displacement assistance sponsored by the local Redevelopment Agency. The City intends to continue with these two types of assistance and to start an additional tenant-based assistance program under the HOME Program due to the high level of need as demonstrated by the significant number of households on the Section 8 waiting list. The Section 8 waiting list is comprised of approximately 2,000 applicants. Of the total applicants on the Section 8 waiting list, there were approximately 1,700 new applicants in 1992, and at least 300 applicants have been on the waiting list since 1989.

Timing: Ongoing.

1D2 SECTION 8 RENTAL CERTIFICATES AND VOUCHERS

This is the City's major tenant assistance program. In FY 1991-92, the local Housing Authority had an allocation of 629 Section 8 Rental Certificates and Vouchers under contract with the US Department of Housing and Urban Development. Without regard to local residency, very low income (50% or lower than the median income for Los Angeles-Long Beach Primary Metropolitan Statistical Area or PMSA) families may apply during open enrollment periods, generally held every two years. The City gives highest preference to applicants with Federal preference and very low income who are displaced by government action, or low income applicants who are affected by rental rehabilitation activities. The local Housing Authority applies each year for additional Section 8 Renter Certificates and/or Renter Vouchers. In order to administer the Section 8 program, the City has dedicated the entire Housing Division to these services.

Timing: Ongoing.

GOAL 2: MAINTAIN AND ENHANCE THE SINGLE FAMILY CHARACTER IN SOUTH GATE NEIGHBORHOODS

POLICY 2A: CONTINUE TO MAINTAIN EXISTING SINGLE FAMILY HOMES AND ENSURE NEW RESIDENTIAL UNITS ENHANCE THE AESTHETIC QUALITY.

Programs:

2A1 SITE PLAN AND ARCHITECTURAL REVIEW

The City will continue to ensure, through site plan and architectural review process, that existing and new residential units are remodeled or constructed with similar materials, scale, height, and character to enhance the surrounding neighborhood.

Timing: Ongoing.

GOAL 3: FACILITATE THE DEVELOPMENT OF THE CITY OF SOUTH GATE'S REGIONAL HOUSING SHARE OF 898 UNITS AS REQUIRED UNDER THE 1988 REGIONAL HOUSING NEEDS ASSESSMENT.

POLICY 3A: PROVIDE ADEQUATE SITES TO ACCOMMODATE THE DEVELOPMENT OF RESIDENTIAL USES.

Programs:

3A1 RESIDENTIAL OVERLAY ZONE

The City of South Gate will develop and implement a Residential Overlay Zone for the properties located within the General Plan Land Use Designation of Mixed-Use Commercial/Residential. Although there are currently 119 acres within the Mixed-Use Commercial/Residential Land Use Designation, which permits up to 30 units per acre, the City will develop an ordinance that will facilitate the development of residential units in at least 30 acres in order to facilitate the regional housing share of 898 units.

Timing: Begin ordinance development in January 1993.

3A2 GENERAL PLAN AND ZONING REVISION

The City of South Gate will analyze the current inconsistencies between the 1986 General Plan Land Use Element and the zoning designations of those properties within the R-3 (Multiple-Family) Zone in order to facilitate the development of additional multi-family housing units.

Timing: Anticipated completion date September 1993.

POLICY 3B: ENCOURAGE THE DEVELOPMENT OF INFILL HOUSING.

Programs:

3B1 REPLACEMENT OF LOW - MODERATE INCOME UNITS

Housing units requiring demolition must be replaced with units constructed at densities not to exceed those limits prescribed by the General Plan.

Timing: Begin program implementation in March 1993.

3B2 INFILL LOAN PROGRAM

The City will encourage private sector lenders to provide either an interest-subsidized or low interest loan, so that willing developers can provide for proposal and subsequent development of the infill housing in redevelopable areas. In order to stimulate this development, the City of South Gate plans to offer subsidies to encourage the development of in-fill plans.

Timing: Begin program development in December 1992.

3B3 DIVERSITY OF HOUSING STOCK

Provide a diversity of housing stock within all sectors of the City.

Timing: Begin program implementation in December 1992.

POLICY 3C: PERMIT FLEXIBLE HOUSING DESIGN WHERE SUCH PROJECTS RESULT IN ATTRACTIVE, AFFORDABLE HOUSING.

Programs:

3C1 ZONING AND GENERAL PLAN REVISION

Review and revise the General Plan and Zoning Ordinance to reflect changes to state law requiring cities to permit manufactured housing in all residential zones.

Timing: Anticipated completion date September 1993.

POLICY 3D: DISPERSE AFFORDABLE HOUSING PROJECTS THROUGHOUT THE COMMUNITY.

Programs:

3D1 SITE ACQUISITIONS

Examine the use of redevelopment programs and funds to acquire property for development of affordable housing. Where feasible, use private developers or nonprofit development corporations to plan, design, construct, and possibly manage the affordable housing units.

Timing: Ongoing.

3D2 DENSITY BONUSES

Examine the development of an overlay zone which identifies areas within the City that could comply with the State-mandated density bonus of up to 25 percent. Such housing may be for developments with five or more units of which 10 percent of the units are set aside for very low income households or 25 percent are set aside for low income households. Affordable units created in this way should be subject to resale control or rent restrictions.

Timing: Begin ordinance development in January 1993.

3D3 SECONDARY UNITS

The City of South Gate will develop and implement an ordinance which provides for the construction of secondary units in low density residential areas. The ordinance would provide strict criteria for the secondary unit, therefore, any secondary unit which would not comply with the guidelines would be determined as illegal units and subject to condemnation. The ordinance will be developed in accordance with State guidelines.

Timing: Begin ordinance development in January 1993.

3D4 RESIDENTIAL MOTELS

The City of South Gate will develop and implement an ordinance which allows the conversion of some transient motels to convert into residential motels that permit long-term (over 30 days) tenancy, in order to provide additional housing units for low and moderate income individuals and families.

Timing: Anticipated adoption of ordinance in October 1992.

POLICY 3E: ASSIST THOSE AGENCIES PROVIDING SERVICES TO POOR OR HOMELESS PERSONS IN SOUTH GATE TO IMPROVE OR DEVELOP NEW HOUSING, EMERGENCY SHELTERS, AND TRANSITIONAL HOUSING.

Programs:

- 3E1 LOW AND MODERATE INCOME RESIDENT LOANS FOR HOME PURCHASE
Utilize redevelopment set aside funds and Public Housing Authority reserves to issue loans to low and moderate income persons for the purchase of homes.
Timing: Begin program development in June 1993.
- 3E2 BELOW MARKET INTEREST RATE CONSTRUCTION LOANS
Utilize CBDG and/or CRA funds to make construction loans at below market interest rates if a specified percentage of proposed units are set aside for low and moderate income persons. The units would remain available to low and moderate income persons for length of loan.
Timing: Begin program development in June 1993.
- 3E3 LAND WRITE-DOWN
The Community Redevelopment Agency will consider a land write-down or other financial assistance to builders proposing a specified percentage of the total housing units for low or moderate income families.
Timing: Ongoing.
- 3E4 EMERGENCY HOUSING
Permit the location and operation of emergency housing, on a case-by-case basis, in industrial or commercial zones with an approved conditional use permit.
Timing: Ongoing
- 3E5 INFILL TRANSITIONAL HOUSING
Assist agencies serving the homeless to acquire, rehabilitate, and recycle underdeveloped parcels throughout the city. Encourage site design standards that accommodate transitional housing needs.
Timing: Begin program development in March 1993.
- 3E6 LARGER RENTAL UNIT CONSTRUCTION
Encourage all new multiple family projects to include rental units with three and four bedrooms. Investigate providing incentives for projects that contain three and four bedroom units. Investigate on-site parking requirements for the larger units.
Timing: Ongoing

POLICY 3F: PROVIDE ADEQUATE INFRASTRUCTURE WITHIN THE CITY IN ORDER TO ACCOMMODATE THE DEVELOPMENT OF ADDITIONAL HOUSING UNITS.

Programs:

3F1 COMPILE INFORMATION/DATA OF EXISTING INFRASTRUCTURE SYSTEMS

The City's Public Works Department will utilize its computerized masterplanning and management system to compile the information and data of the existing infrastructure systems, including water, sewage and storm drains. The information and data will be incorporated into base maps. Once the information and data are compiled, special studies will be conducted in order to address the infrastructure issues.

Timing: Ongoing.

3F2 DEVELOP A DETAILED CAPITAL IMPROVEMENTS PLAN

In an effort to upgrade the City's infrastructure, the City's Public Works Department will develop a detailed capital improvements plan based on the information and data compiled in Program 3F1. The capital improvements plan will address the water, sewer and storm drain systems.

Timing: Begin development in June 1993.

POLICY 3G: DEVELOP STRATEGIES FOR PROVIDING AFFORDABLE HOUSING WITHIN THE CITY.

Programs:

3G1 COMPREHENSIVE HOUSING AFFORDABILITY STRATEGY

Pursuant to Title I of the 1990 National Affordable Housing Act, the City of South Gate has adopted a Comprehensive Housing Affordability Strategy (CHAS), which identifies the City's needs for affordable and supportive housing, and outlines a strategy to address those needs.

Timing: Adopted in April 1992.

3G2 "CHAS" ONE YEAR ACTION PLANS

Pursuant to the requirements of Title I of the 1990 National Affordable Housing Act, the City of South Gate will develop and implement an Action Plan for accomplishing the goals of the CHAS on an annual basis.

Timing: Anticipated adoption of next One Year Action Plan is November 1992.

GOAL 4: FACILITATE THE PRODUCTION OF HOUSING IN THE CITY

POLICY 4A: STREAMLINE DEVELOPMENT REVIEW PROCEDURES TO REDUCE COMPLICATIONS AND REDUCE TIME REQUIRED FOR PROPOSAL REVIEW.

Program:

4A1 ONE STOP PERMIT PROCESSING

Investigate the possibility of offering "one stop" permit processing. This processing would establish a permit process where the applicant would be able to complete one form, provide a comprehensive set of drawings/plans, and meet to have plans checked at one counter with one city staff member who represents all departments. Plans may be retained over a period of time for thorough Building Department review.

Timing: Ongoing.

POLICY 4B: CONTINUE TO PRIORITIZE DEVELOPMENT PROPOSAL REVIEW TO PROJECTS WHICH INCLUDE HOUSING AFFORDABLE TO LOWER INCOME HOUSEHOLDS OR DESIGNED TO MEET THE NEEDS OF SPECIAL SOUTH GATE HOUSEHOLDS.

Program:

4B1 SPECIAL NEEDS PRIORITIZING

Continue to prioritize and expedite the process for projects which include housing to meet the special needs of the community such as low income, elderly, single-parent, and disabled.

Timing: Ongoing.

GOAL 5: ENSURE EQUAL AVAILABILITY TO BOTH SALE AND RENTAL HOUSING REGARDLESS OF RACE, CREED, COLOR, SEX, MARITAL STATUS, FAMILY STATUS, PHYSICAL HANDICAPS, AGE, OR NATIONAL ORIGIN

POLICY 5A: SUPPORT LOCAL AND REGIONAL AGENCIES PROVIDING EDUCATION TO THE PUBLIC, DEVELOPERS, AND REALTORS ON THEIR FAIR HOUSING RIGHTS AND RESPONSIBILITIES. TAKE APPROPRIATE LEGAL ACTION TO ELIMINATE DISCRIMINATION IN THE SALE OR RENTAL OF HOUSING IN SOUTH GATE DUE TO RACE, CREED, COLOR, AGE, SEX, MARITAL STATUS, FAMILY STATUS, PHYSICAL HANDICAPS, OR NATIONAL ORIGIN.

Programs:

5A1 FAIR HOUSING EDUCATION AND OUTREACH

The City of South Gate has a Fair Housing Programs designed to limit discrimination in housing on the basis of race, color, national origin, handicap,

gender or creed. The City contracts with the Fair Housing Foundation of Long Beach to resolve tenant and landlord conflicts or to investigate and document housing discrimination complaints. Approximately 45 to 50 persons contact the Foundation each month, and an additional 550 persons are assisted at outreach meetings. These regular community meetings are held throughout the City of South Gate. Two full-time bilingual counselors are on staff to provide education, counseling, and legal referrals to residents who have experienced discrimination in violation of State and Federal fair housing laws. Complaints or requests can also be left at an answering service available to the public 24 hours a day.

Timing: Ongoing

5A2 AFFIRMATIVE MARKETING PLAN

Require an affirmative marketing plan as a condition of approval of all projects and as a condition of a business license issuance for apartments. Require the manager of complexes with 10 or more units to provide evidence of training in fair housing and landlord/tenant laws and regulations as a condition of a business license issuance.

Timing: Ongoing.

GOAL 6: PUBLIC PARTICIPATION IN ESTABLISHING HOUSING POLICIES AND DESIGNING HOUSING PROGRAMS FOR THE CITY

POLICY 6A: DESIGN HOUSING PROGRAMS TO MEET THE IDENTIFIED NEEDS AND WISHES OF CITY RESIDENTS. WHERE THE CITY DOES NOT PROVIDE PROGRAMS, ASSIST RESIDENTS TO LOCATE AGENCIES WHO DO.

Programs:

6A1 PUBLIC PARTICIPATION

Prior to amending the City's Housing Plans (housing element of the General Plan, comprehensive housing affordability strategy, redevelopment set aside strategy), or substantially changing adopted housing programs, the City will notify all economic segments of the community and will conduct public hearings to encourage participation.

Timing: Ongoing

6A2 INFORMATION

Advertise public hearings on housing policy. Advertise housing programs widely and maintain a list of contacts for other agencies providing housing services.

Timing: Ongoing

SECTION 8

EXPECTED ACCOMPLISHMENTS OF THE HOUSING ELEMENT UPDATE

The City's housing goals are expected to provide for the existing and future housing needs of its residents by assisting in housing rehabilitation, financial assistance to families in need, and encouraging the development of additional dwelling units. Since the City has shown a positive record of assisting residents in housing rehabilitation and housing assistance programs, such as Section 8, the City will continue its efforts to expand these two programs. Based on the fact that very little vacant land is available for new residential development, the City plans to provide its regional housing share by rezoning properties consistent with the General Plan's land use designations and encouraging the recycling of underdeveloped residential properties. In order to accomplish the adopted goals, the City of South Gate expects to achieve the following quantified objectives for the five year planning period (1989 - 1994):

- Upgrade at least 25 owner-occupied units per year through the housing rehabilitation programs, in which approximately 125 owner-occupied units were expected to benefit from the programs.
- Upgrade at least 20 rental units through the housing rehabilitation programs.
- Upgrade at least 110 housing units through the Redevelopment Agency's Housing Improvement Program.
- Provide Section 8 Housing Assistance for at least 125 additional units for the period from 1989 to 1994.
- Facilitate the development of at least 180 new units per year for the next five year period.

SECTION 9 REFERENCES

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